



Dave Yost • Auditor of State



Dave Yost • Auditor of State

To the residents and elected officials of the City of Wooster,

At the request of the Mayor and City Council, a performance audit of the City of Wooster was initiated in May 2012. The functional areas assessed in the performance audit were staffing, efficiency, and effectiveness; salaries; benefits; and citywide management. These areas were selected because they are important components of City operations that support its mission and improvements in these areas can assist in enhancing the City's efficiency and effectiveness.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of the operations of the City of Wooster. While the recommendations contained in the audit report are resources intended to assist Wooster, the City is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

The report includes Results in Brief: why AOS conducted the audit and financial implications; Synopsis: scope, objectives, methodology, and benchmarks; Noteworthy Accomplishments; Issues for Further Study; Conclusions; Appendix, including pertinent background and management information for the City; and Client Response.

This report has been provided to the City of Wooster and its contents discussed with the appropriate officials and City management. The City has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

This page intentionally left blank.

Table of Contents

Results in Brief 1

Why AOS Conducted This Audit 1

Financial Implications 1

Synopsis..... 2

What is Good Performance: Scope, Objectives, and Benchmarks 2

Scope and Objectives of the Audit..... 2

Methodology and Benchmarks 2

Noteworthy Accomplishments 3

Issues for Further Study..... 3

Conclusions..... 4

Recommendations 5

Appendix..... 16

Client Response 24

Results in Brief

Why AOS Conducted This Audit

The City of Wooster (Wooster or the City) requested the Auditor of State's Ohio Performance Team conduct a performance audit in order to provide an outside assessment of the efficiency and effectiveness of the management and operations of the City.

Financial Implications

A project cost of \$63,500 and a total of \$500,800 in potential savings will yield a return on investment of 789 percent, or \$7.89 in annual savings for every taxpayer dollar invested. In addition, the potential cost savings represent 3.0 percent of the proposed 2012 total expenditures of the City. Financial implications are summarized below. Non-financial management recommendations are discussed in the report (including financial reporting, sick leave monitoring, employee cost allocation, and purchasing card policies).

Summary of Performance Audit Financial Implications

Recommendations	Impact
R.1 Negotiate to bring firefighter and police patrol compensation in line with peers.	\$220,000
R.2 Increase the portion of insurance costs borne by employees by increasing employee contributions and increasing plan deductibles.	\$112,000
R.3 Discontinue employer contributions to flexible spending accounts.	\$98,500
R.4 Hire part-time employees to cover overtime hours in the Police Department.	\$37,000
R.5 Negotiate the overtime accrual rate for firefighters from 1.78 to 1.50 times the regular hourly wage.	\$29,000
R.6 Contract with a collection agency to collect outstanding accounts receivable.	\$4,300
Total Cost Savings from Performance Audit Recommendations	\$500,800

Synopsis

What is Good Performance: Scope, Objectives, and Benchmarks

Applicable standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

Scope and Objectives of the Audit

Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. AOS developed objectives designed to identify efficiencies that could be gained from the operational areas selected in consultation with the City, including staffing, salaries, benefits and citywide management. Based on this scope, the following objectives were developed:

- How do staffing levels compare to the peer cities and benchmarks?
- How do salaries and wages compare to the peer cities?
- How do benefit levels compare to industry benchmarks?
- Do planning activities, budget preparation and monitoring, overtime and sick leave use, income tax and utility collection, purchasing policies and procedures, stakeholder reporting and interaction and department and division evaluation meet best practices?

Methodology and Benchmarks

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

AOS conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

To complete this report, the auditors gathered a significant amount of data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. The performance audit involved significant information sharing with the City, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the City

of key issues impacting selected areas, and shared proposed recommendations to improve operations. The City provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

In consultation with the City, the following Ohio municipalities were identified as peers: the cities of Ashland, Findlay, and Sidney. Whenever possible, peer cities were used for comparison. In some areas of City operations such as police, fire, and city services, comparisons to national benchmarks, standards and other cities that have achieved efficiencies in select areas using unique practices were used. Benchmark data and standards were chosen from organizations and sources such as the State Employee Relations Board (SERB), the Ohio Department of Administrative Services (ODAS), the National Fire Protection Association (NFPA), and the Ohio Incident Based Reporting System (OIBRS).

The Auditor of State's Ohio Performance Team expresses their appreciation to the management and employees of the City of Wooster for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Wooster's budgeting and planning practices are consistent with the Government Finance Officers Association (GFOA) recommended best practices. The City budget contains a 5-year capital plan, a 10-year infrastructure plan, and a narrative section that lists a mission statement and annual goals for each department. The City encourages department heads to offer input during the budgeting process and makes budgeting documents easily available to citizens via the web.

The City's income tax collections process is also an example of leading practices in tax collections. In 2011, Wooster expended about 1.4 percent of tax collections to operate the Income Tax Department, below the recognized benchmark of 2.0 percent.

Issues for Further Study

Ohio Revised Code (ORC) § 718.01(10)(a) allows any municipality to collect taxes for any other municipality. Because the City's tax department has demonstrated the ability to operate efficiently, Wooster should consider the feasibility of offering tax services to other municipalities in Ohio.

Conclusions

The performance audit identifies total cost savings of \$500,800, which represents 3.0 percent of the proposed 2012 total General Fund expenditures of the City. The following table summarizes those performance audit recommendations that contain financial implications.

Summary of Performance Audit Financial Implications

Recommendations	Impact
R.1 Negotiate to bring firefighter and police patrol compensation in line with peers.	\$220,000
R.2 Increase the portion of insurance costs borne by employees by increasing employee contributions and increasing plan deductibles.	\$112,000
R.3 Discontinue employer contributions to flexible spending accounts.	\$98,500
R.4 Hire part-time employees to cover overtime hours in the Police Department.	\$37,000
R.5 Negotiate the overtime accrual rate for firefighters from 1.78 to 1.50 times the regular hourly wage.	\$29,000
R.6 Contract with a collection agency to collect outstanding accounts receivable.	\$4,300
Total Cost Savings from Performance Audit Recommendations	\$500,800

Recommendations

R.1 Negotiate to limit firefighter and police patrol officer base wage increases, alter step schedules, and/or reduce longevity pay to bring compensation in line with the peer average.

Financial Implication: Bringing firefighter and police patrol officer compensation in line with the peer average would save approximately \$220,000 annually.¹

Police patrol and firefighter bargaining agreements outline salary schedules that provide base wage increases for the first four years for firefighters and the first six years for police patrol. In addition, both contracts provide an hourly longevity rate beginning in year 18 and payable for 6 consecutive years, between year 18 and 30, at a rate of \$1,000 per year with a cumulative total of \$6,000. **Table 1** displays total career earnings for a firefighter and patrol officer based on their respective step schedules. Compensation is measured over a 30 year career to identify and compare the full effect of step schedule progression as well as longevity.

Table 1: Total Career Earnings (30 Years) – Police and Fire

	Wooster	Peer Average	\$ Difference	% Difference
Firefighter	\$1,766,626	\$1,639,132	\$127,494	7.8%
Police Patrol	\$1,716,800	\$1,621,560	\$95,240	5.9%

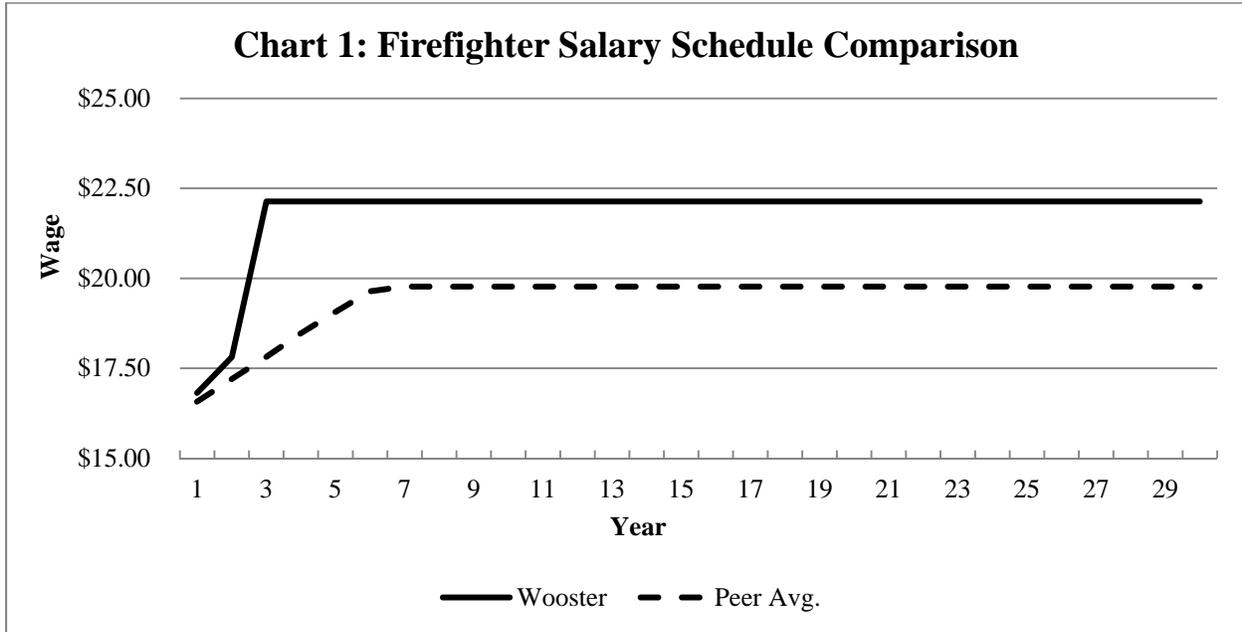
Source: Wooster bargaining agreements

As shown in **Table 1**, firefighters and patrol officers career earnings exceed the peer average based on step schedules outlined in the bargaining agreements. Specifically, a firefighter earns approximately \$127,000 or 7.8 percent more than the peer average over a 30 year career and a patrol officer earns approximately \$95,000 or 5.9 percent more.

In order to determine the cause of the higher total earnings, the step schedules and longevity rates were analyzed. In comparison to the peers, Wooster’s longevity rates were lower at every experience level for fire and police. Therefore, excess career earnings are driven by higher base wage levels, not longevity payments. This wage discrepancy is displayed in **Charts 1** and **2**.

¹ Financial implication is calculated based on the total career coverage divided by 30 years and multiplied by the current staffing level for firefighters and police patrol.

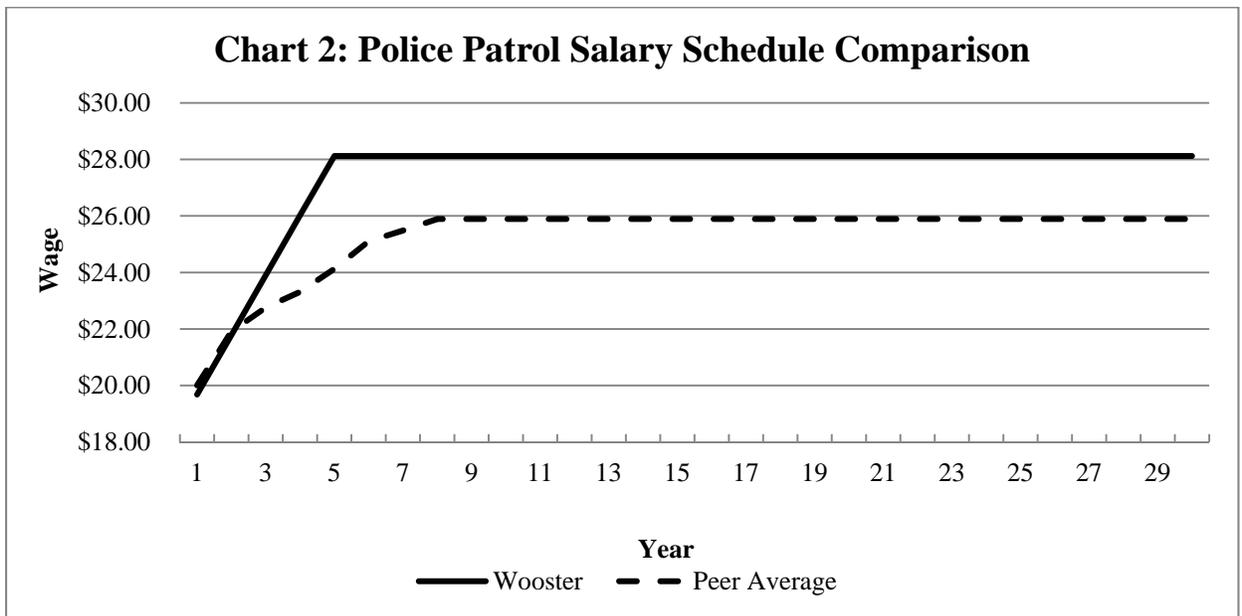
Chart 1 shows Wooster firefighter compensation as compared to the peer average over a 30-year career.



Source: Wooster and peer city collective bargaining agreements

As shown in **Chart 1**, the City’s firefighter beginning base wage starts at a level comparable to the peer average but increases to a level 12 percent higher than the peer average starting at year 7 and beyond.

Chart 2 shows Wooster patrol officer compensation as compared to the peer average over a 30-year career.



Source: Wooster and peer city collective bargaining agreements

As shown in **Chart 2**, the patrol officer beginning wage starts at a level slightly lower than the peer average but increases to a level 8.6 percent higher than the peer average beginning at year 8 and beyond.

The City's firefighter and police patrol employees compensation is dictated by compensation schedules and longevity clauses which have been negotiated into the City's collective bargaining agreements. Taking measures to renegotiate wage levels commensurate with the peer average would generate significant cost savings for the City while allowing it to remain competitive with peers.

R.2 Increase the portion of insurance costs borne by employees by increasing employee contributions and increasing plan deductibles. In addition, consider strategies for improving the cost effectiveness of the health insurance program including:

- **Implementing a wellness program;**
- **Offering opt-out incentives;**
- **Revising the cost structure of the prescription drug plan;**
- **Conducting dependent eligibility audits; and**
- **Stipulating spousal restrictions.**

Financial Implication: The City could save approximately \$112,000 by increasing the employee contribution to the SERB state-wide averages.²

The City of Wooster offers a self-insured preferred provider organization health insurance plan that is managed by a third party administrator. The City does not offer dental or vision benefit. As a self-insured city, Wooster can specify its own levels of coverage. In turn, the City must set its premiums in an attempt to collect an appropriate amount of funds to pay out for claims. Under this health plan model the City has the opportunity to directly reduce costs by lowering claim amounts rather than by shopping for lower premiums as would be the case under a traditional insurance plan model.

The City's health insurance plan is evaluated using information from the State Employment Relations Board's (SERB) *19th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (2011). According to SERB, in 2011, 64 percent of the 1,286 reporting jurisdictions were self-funded. Furthermore, managed care plans (preferred provider organization, health maintenance organization, and point-of-service plans) cover the majority of public employees in the State of Ohio.

² Further savings are achievable through implementation of increased plan deductibles or the other suggested cost improvement strategies. However, sufficient data does not exist to quantify actual savings achievable by Wooster.

Table 2 displays Wooster's employee insurance contributions in comparison to the SERB average.

Table 2: Employee Contribution Share (2011)

	Single Employee Share (All Plans)		Family Employee Share (All Plans)	
	Contribution Percentage	Total Contributions	Contribution Percentage	Total Contributions
Wooster	7.1%	\$15,154	5.7%	\$121,862
SERB Statewide Average	9.5%	\$20,339	10.7%	\$228,274
Difference		\$5,185		\$106,412
			Total Savings	\$111,597

Source: City of Wooster and SERB

As shown in **Table 2**, in 2011 Wooster employees annually contributed \$424.58 (7.1 percent) for single coverage and \$983.06 (5.7 percent) for family coverage compared to the SERB statewide average for employees' share of 9.5 percent for single coverage and 10.7 percent for family coverage. The amounts contributed by Wooster employees are stipulated within the City's collective bargaining agreements covering a period from 2008 through 2014. Therefore, any change to the levels of contribution would need to be negotiated with employees. Should the City be successful in negotiating a contribution percentage similar to the SERB average it could save approximately \$112,000 per year.

Table 3 displays Wooster's in-network service levels.

Table 3: In-Network Health Coverage (2011)

Coverage Area	In-Network Coverage
Deductible (single/family)	\$80/\$160
Co-insurance (in-network/enhanced network ¹)	90%/95%
Out-of-Pocket Maximum, including deductible	\$400/\$800
Deductible - Pharmacy (single/family)	\$20/\$40
Co-insurance - Pharmacy, retail and mail order service	90%/10%
Out-of-Pocket Maximum Pharmacy (includes deductible & co-insurance limit)	\$100/\$200

Source: City of Wooster

¹Enhanced network includes the City owned and operated Wooster Community Hospital.

Most in-patient and preventative services are covered at the co-insurance rates listed in **Table 3**. In-network service means the City pays 90 percent of the service costs after the deductible is met; the employee is responsible for the remaining 10 percent of service costs, up to the out-of-pocket maximum. Some primary care and out-patient services are covered at higher rates; specific co-insurance percentages are listed for certain individual services in the City's health benefits plan documentation.

The majority of jurisdictions in Ohio reported in-network deductible amounts that are higher than those of Wooster. In 2011, 58 percent of jurisdictions in Ohio had deductibles above \$125 for single coverage; 59 percent of jurisdictions had deductibles above \$200 for family coverage. In addition, the median in-network, out-of-pocket maximums for jurisdictions with managed care plans were \$1,000 for single and \$2,000 for family. Wooster's comparatively lower deductibles

and out of pocket maximums increase the City's cost obligation for health insurance services. A less generous plan design (deductible level, copayment amounts, etc.) would shift some of the responsibilities from the City to the employee and may result in lower overall claim payments for the City.

The prescription benefit is structured in the same way as medical coverage; there is a deductible, co-insurance, and an out-of pocket maximum that are all specific to prescriptions. The City's prescription plan design does not incorporate tiers; all drugs are covered at the same level. According to the SERB report, "Few jurisdictions report a flat rate payment for retail or mail-order prescriptions; almost two-thirds of plans have a three or four-tier prescription drug plan." A three-tiered drug plan (generic, brand name formulary, and brand name non-formulary) is the most commonly reported plan benefit design statewide in the SERB report.

An examination of the prescription plan reveals two main cost-imposing differences in the design as compared to plans with co-payments and tiered benefits. First, the City's plan does not require co-payments for prescriptions and caps the out-of-pocket costs for employees. This exposes the City to the full cost of a prescription once the out-of-pocket maximum has been reached. According to a Kaiser Family Foundation report on trends in prescription drug costs published in May 2010, the average retail prescription was \$71.69 in 2008. Based on that average cost, it would only take a few prescriptions a year before the City would pay 100 percent of the cost. Second, the City does not differentiate coverage levels for brand name and generic prescriptions. According to the Kaiser report, in 2008 the average cost of brand name prescriptions was four times higher than the average cost of a generic prescription (\$137.90 vs. \$35.22).

In addition to adjusting coverage levels, Wooster should examine the following cost saving areas:

- **Opt-out Incentives:** Wooster does not offer employees any incentive to waive medical coverage. SERB reports that approximately 42 percent of jurisdictions offered an opt-out incentive in 2011. Wooster should consider the financial benefits an opt-out incentive may provide. For each employee that receives single coverage and elects to opt out, the City would save approximately \$4,300 annually based on the median incentive of \$1,200. For employees who receive family coverage, savings would increase to \$14,600 for each employee based on the median incentive of \$1,600.
- **Dependent Eligibility Audits:** 76 percent of jurisdictions conduct dependent eligibility audits. These audits verify that individuals are eligible for coverage under the terms of the plan.
- **Spousal Restriction:** 29 percent of jurisdictions include a spousal restriction. The majority of these restrictions involve requiring the spouses of employees to obtain primary medical coverage, if available, through their own employer.

In addition to examining the above strategies, Wooster should also consider evaluating other options for improving cost effectiveness, including the option of obtaining health insurance through a provider or joining a consortium.

R.3 Discontinue employer contributions to flexible spending accounts.

Financial Implication: The City could save approximately \$98,500 annually by no longer funding flexible spending accounts for employees.

Wooster offers flexible spending accounts (FSAs) to each full-time employee. In each of the City's three collective bargaining agreements, there is a provision that the City will pay between \$300 and \$900 per year into a flexible spending account on behalf of each employee. Single employees are entitled to \$300, married employees or those with dependents are entitled to \$700, and two City employees who are married are entitled to a total of \$900 per year. Employees can elect to contribute to the FSA and have their contribution deducted from their pay.

IRS rules state that FSAs, also known as flexible spending arrangements, are tax-advantaged accounts that employers can offer for the payment of an employee's qualified medical expenses. Qualified medical expenses include, but are not limited to, health insurance premiums, prescriptions, co-payments, and deductibles. Contributions by the employee or employer are permissible but not required. Participants make an annual election at the beginning of the plan year of how much they wish to contribute. All unused funds in the account are forfeited to the employer if they are not spent within the plan year, though a grace period can be established for expenses occurring beyond the plan year.

A review of peer collective bargaining agreements revealed that there are no peer cities that are contractually obligated to pay employer contributions into FSA on behalf of employees. Further review identified that peer cities do not offer employer-funded flexible spending accounts. Although it is the view of City administrators that employees use the FSA in lieu of dental or vision insurances, neither of which the City offers, the employer-funded FSA is neither required by law nor common practice among peers.

R.4 Hire part-time employees to cover overtime hours in the Police Department.

Financial Implication: Reducing overtime hours by 50 percent through implementation of part-time staffing would generate annual savings of approximately \$37,000 based on an average of 2010 and 2011 overtime expenditures.

The City's Police and Fire departments incurred overtime hours of 12,744 in 2010 and 12,330 in 2011 at a total cost of \$518,581 and \$504,789 respectively. Neither the Police nor the Fire Department employs part-time firefighters or patrol officers so all overtime is being performed by full-time employees. According to City administration, overtime within these departments varies from year to year and is generally caused by emergency situations, extended sick leave, and shift staffing requirements. According to the Fire Chief, Fire Department overtime is generally caused by lack of manpower, trainings, and emergency calls.

Fire Department overtime saw an increase, resulting from labor negotiations just prior to 2000, when members bargained for shorter hours. The City agreed to shorten the required work hours from a 56.0 hour work week to a 51.7 hour work week. To achieve this, each firefighter receives

9.3 Kelly Days per year.³ It has been the practice of the City to maintain a consistent minimum manning level, bypassing hiring additional employees and instead paying overtime to fill the additional manpower need.

Table 4 shows potential savings from utilizing part time police employees to reduce 50 percent of total overtime hours.

Table 4: Overtime vs. Part-Time Compensation (2011)

	Total OT Hours	Avg. OT Wage	Starting Wage	Wage Difference
Police Department ¹	2,985	\$44.69	\$19.68	\$25.01
Total Savings				\$37,321

Source: City of Wooster payroll and financial information

Note: The average overtime hourly wage is calculated based on the total cost of overtime divided by the total overtime hours for the Department.

¹Includes reimbursements from off-duty assignments.

As shown in **Table 4**, if the City were able to offset half of the Police Department overtime hours, 1,493 hours, at the current rate by using police patrol entry-level part-time employees the City could save approximately \$37,000 annually.

The City lacks comprehensive Fire Department service demand data which would allow for the identification of the optimally efficient time for the staffing of part-time firefighters. Given the weakness in the available data AOS was unable to identify a practical implementation strategy to fit the City’s unique conditions. Therefore, no financial implication has been included for the Fire Department portion of the analysis. However, for 2011 the Fire Department had approximately \$349,000 in overtime expenditures. Given the magnitude of this expense the City should continue with its efforts to study the root causes of overtime incurred and seek out strategies to mitigate the overall cost. These strategies could include hiring part-time staff, hiring swing shift staff, relying more heavily on mutual aid, or restricting the ability to incur overtime unrelated to emergencies through adjustments to Department policies and procedures.

R.5 Negotiate the overtime accrual rate for firefighters from 1.78 to 1.50 times the regular hourly wage.

Financial Implication: Reducing the overtime accrual rate from 1.78 to 1.50 times the regular hourly wage could save approximately \$29,000 based on an average of 2010 and 2011 overtime expenditures.

The Fire Department compensates overtime based on an accrual rate of 1.78 per hour based on language contained in the collective bargaining agreement. This exceeds the standard compensation rate of 1.5 per hour paid by the peer cities.

The Fair Labor Standards Act provides for covered, nonexempt employees overtime pay at a rate of not less than one and one-half times an employee's regular rate of pay after 40 hours of work

³ Kelly Days represent adjustment days that compensate firefighters for working in excess of their required weekly hours due to scheduling shifts every third day.

in a workweek. Some exceptions to the 40 hours per week standard apply under special circumstances to police officers and fire fighters employed by public agencies and to employees of hospitals and nursing homes.

Table 5 shows potential savings from decreasing the overtime accrual rate for Fire Department employees from 1.78 to 1.50.

Table 5: Overtime Accrual Reduction Savings (2011)

2011 Overtime Hours	4,292
Average Overtime Wage at 1.78 Accrual Rate	\$40.60
Average Overtime Wage at 1.5 Accrual Rate	\$34.21
Average Wage Difference	\$6.39
2011 Overtime Expenditures	\$174,243
2011 Overtime Expenditures at 1.5 Accrual Rate	\$146,834
Total Savings	\$27,409

Source: City of Wooster

As shown in **Table 5**, reducing the overtime accrual rate from 1.78 to 1.50 would save the City an average of \$6.39 per hour.

R.6 Contract with a collection agency to collect outstanding accounts receivable.

Financial Implication: Turning delinquent accounts over to a collection agency could result in collections of about \$4,300 based on the age of outstanding accounts receivable and assuming a 33 percent collection fee.

The City has over 300 accounts receivables dating back to 1998 for fines and past-due water, sewer and sanitation bills. The total value of these accounts is approximately \$37,500. The City does not have a procedure in place to turn the outstanding accounts over to a collection agency.

The city of Canton, Ohio recently contracted with a debt collection agency to collect on past due bills. Typical collection agency fees range from 25 to 33 percent of the amount owed. Fees are applied only to those accounts that are collected. Because no upfront fees are charged, the practice of turning past-due accounts receivable over to a collections agency is a low risk method of collecting on accounts.

R.7 Allocate the cost of IT Department employees to the appropriate departments.

The IT Department supports City-owned personal computers, cell phones, and servers. It also assists the Human Resources (HR) Department with electronic data management and supports the automated systems at the water and sewer plants. The City reported that one IT employee works in the Human Resources Department about 25 percent of the week. The City also reported that about one-third of an IT FTE is assigned to assist with automated systems at the water and sewer plants. The City does not have a system to allocate this employee’s time to the water or sewer fund or to the HR Department when IT employees are assigned tasks in those areas.

The Municipal Service and Research Center in Washington, D.C., states that proper cost allocation can help a city accomplish the following:

- Identify the actual cost of all services;
- Reimburse service providers for estimated or actual costs incurred to deliver internal services; and
- Calculate cost-based user fees for public services such as development review, parks, administration, or any service where the user pays all or part of the cost directly.

Developing a system for allocating employee time to the proper department will enable the City to better capture the actual cost of services and will also help to provide input to enable well-informed staffing decisions.

R.8 Publish a popular annual financial report and departmental annual reports to improve stakeholder communication.

The City publishes several reports via its website. These reports include annual reports for several departments and a comprehensive annual financial report (CAFR). The CAFR includes the City's organizational chart, independently audited financial statements, statistical information and operational information. Review of the several reports identified that most were up-to-date to the most recent year completed. However, at the time of this audit there were four departments for which only historical reports were available, including building standards, finance, fire, and recreation.

Like Wooster, each peer city publishes a CAFR on its website. Two of the three peer cities take the additional step of publishing a popular annual financial report (PAFR). The Government Financial Officers Association (GFOA) promotes this practice through a Popular Annual Financial Reporting Awards Program that is "specifically designed to encourage state and local governments to prepare and issue a high quality popular annual financial report. Popular annual financial reports can play an important role in making financial information accessible to ordinary citizens and other interested parties who may be challenged by more detailed traditional financial reports." The GFOA lists several criteria that should be included in a PAFR:

- A PAFR must clearly advise readers of the availability of the CAFR;
- If the PAFR contains information from only selected funds, or if the PAFR does not include all component units, that fact must be disclosed;
- The financial information contained in the PAFR must be derived from the actual Generally Accepted Accounting Principles data in the CAFR;
- Some form of appropriate narrative or graphic analysis must be provided to explain items of potentially significant interest or concern.

Wooster should prepare and issue a popular annual financial report in order to make information available to interested parties who may not have the training to interpret more detailed financial reports. The City should also ensure that all financial and departmental reports are available on the website and contain up-to-date information from the most recent complete fiscal year.

R.9 Update purchasing card policies consistent with GFOA best practices.

The City has a purchasing card (P-card) program in which designated employees are issued a credit card that is to be used to make purchases on behalf of the City. For this program, Wooster developed a policy manual that describes the appropriate use of P-cards and the responsibilities of employees who are involved in the use of the cards and the review of purchases. All employees who are issued a P-card must sign a form that acknowledges receipt and acceptance of the City's purchasing card policy manual.

The City's P-card policies were evaluated against the *Best Practices for Purchasing Card Programs* (GFOA, 2011). Based on this evaluation, the City should update written purchasing policies. The P-card policy manual should be updated to include the best practices of conducting regular training regarding P-card use for employees, including guidance on purchasing over the telephone or the internet, providing employees with a list of approved or restricted Merchant Category Codes (MCC), and implementing regular review of purchases by vendor and MCC. Any out-of-date policies should be updated or rescinded. Regularly updating the P-card policy manual will help decrease the risk of potential error or misuse of P-cards.

R.10 Develop formal policies that communicate specific sick leave expectations with employees, define patterns of abuse, and communicate disciplinary actions with employees.

Table 6 shows Wooster's 2011 sick leave use by department, per employee, and as a percent of total sick leave.

Table 6: Sick Leave Use by Department

City of Wooster Department	Sick Leave Hours by Department	% of Total Sick Leave	Sick Leave Hours per Employee
Administration	4.0	0.1%	1.3
Council	0.0	0.0%	0.0
Engineering	359.1	2.6%	32.7
Finance Department	661.8	4.8%	60.2
Fire Department	6,063.5	44.3%	141.0
IT Department	119.5	0.9%	29.9
Law Department	35.0	0.3%	17.5
Mayor	0.0	0.0%	0.0
HR Department	80.9	0.6%	20.2
Police Department	2,944.8	21.5%	75.5
Public Properties Maintenance ¹	2,691.0	19.7%	67.3
Recreation Department	169.3	1.2%	6.8
Water Treatment ²	294.4	2.2%	21.0
Waste Water Treatment	141.5	1.0%	17.7
Zoning and Building Department	110.5	0.8%	18.4
Total	13,675.0	100.0%	65.4

Source: City of Wooster payroll information

¹ Public Properties Maintenance employees were compared to the DAS average for the AFSCME bargaining unit of 69.7 hours per employee per year.

² Includes one employee who was absent due to injury for 1,168 hours of sick leave in 2011.

As shown in **Table 6**, the City's average sick leave use of 65.4 hours per employee was higher than the overall Ohio Department of Administrative Services (DAS) average of 59.0 hours in 2011, primarily due to the Fire Department. However, firefighters work 29 percent more hours (2,688.4) in a year than a typical employee (2,080), which contributes to the appearance of higher sick leave use. According to the Fire Chief, when Fire Department personnel who typically work 24 hour shifts call off, their sick leave balance is charged 24 hours. When eliminating Fire Department hours from the data contained in **Table 6**, the City's average sick hours used per employee drops to 43.4 hours, a level lower than the DAS average. It is important to note that it is the view of City management that 2011 sick leave usage is reflective of unusual circumstances. For example, in the Police Department there were an unusually high number of injuries across multiple employees (1,209 total hours) while in the Finance Department there was one employee with significant leave use due to maternity and family care (517 total hours).

In addition to total sick leave hours per year, DAS also provides sick leave information by specific department (or bargaining unit). This comparison showed that sick leave taken by police employees was the only department with higher leave taken than the Statewide average. In 2011, DAS reported that average sick leave taken by employees covered under Fraternal Order of Police (FOP) bargaining agreements was 42.4 hours per year. In comparison to police employee leave taken of 75.5 hours per year (see **Table 6**), the average Wooster police officer incurred approximately 78 percent more sick leave than the FOP state average.

According to *Sick Leave Abuse: A Chronic Workplace Ill?* (International Personnel Management Association, 2002), determining if and why employees overuse or abuse leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explains common guidelines all employers can follow to manage sick leave effectively:

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say "No." Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

Relying on individual departments to track and monitor sick leave use increases the potential for inconsistent and infrequent methods and varying definitions of high sick leave use. This, in turn, can hinder both the City's ability to ensure that sick leave use is appropriate and identify strategies for controlling and potentially reducing sick leave use.

Appendix

Staffing

Table 7 displays Wooster's 2010 and 2011 police department staffing in comparison to the peer average.

Table 7: Police Department Staffing Analysis

	Wooster 2011	Wooster 2010	Peer Avg. 2010	Difference	% Difference
Sworn FTEs ¹	34.0	36.0	41.3	(5.3)	(12.9%)
Sworn FTEs Per 1,000 Residents	1.30	1.38	1.50	(0.12)	(11.8%)
Total Crimes Per Sworn FTE	N/A	25.8	25.5	0.3	1.0%
Total Crimes Per Resident	N/A	0.036	0.038	(0.003)	(7.0%)
Total Crimes Per Square Miles	N/A	57.0	74.9	(17.9)	(23.9%)
Calls for Service Per Sworn FTE	555.7	513.9	618.9	(105.1)	(17.0%)
Arrests Per Sworn FTE	38.5	34.3	30.3	4.0	13.1%
Traffic Citation Per Sworn FTE	64.1	54.3	41.2	13.1	31.7%
Operating Expenditure Per Resident ²	\$165	\$190	\$177	\$14	7.8%

Source: City of Wooster and peer city police department operational data and FBI crime statistics

Note: 2010 crime statistics were the most up-to-date information available at the time the analysis was conducted.

¹ Includes one patrol officer who serves as a school resource officer for nine months per year.

² Operating expenditures for Wooster and the peer average are reflective of all costs, including dispatch services.

As shown in **Table 7**, Wooster had 17 percent fewer calls for service per sworn FTE than the peer average in 2010. Although call for service is a useful indicator of demand for police services, there is no uniform system of identifying and recording what constitutes a call for service across jurisdictions. As a result, arrests and citations were used as demand indicators as the recordation of these statistics is more uniform. When analyzing arrests per sworn FTE and traffic citations per FTE, **Table 7** shows that Wooster police officers were more active as witnessed by having 13.1 percent more arrests per officer and 31.7 more citations in 2010.

When considering the cost of providing police services, Wooster incurred \$14 more per resident in expenditures than the peer average in 2010. For 2011, however, Wooster was able to reduce overall expenditures through the reductions of 3.5 FTEs. As a result, Wooster was able to reduce police operating expenditures from \$190 per resident in 2010 to \$165 per resident in 2011.

Table 8 displays Wooster's 2010 and 2011 fire department staffing in comparison to the peer average.

Table 8: Fire Department Staffing Analysis

	Wooster 2011	Wooster 2010	Peer Avg. 2010	Difference	% Difference
FTEs	41.0	41.0	33.0	8.0	24.2%
FTEs Per 1,000 Residents	1.6	1.6	1.6	(0.0)	(1.0%)
FTEs Per Square Mile	2.5	2.5	2.8	(0.3)	(11.6%)
Fire Calls Per FTE	13.3	14.2	12.5	1.7	13.8%
EMS Calls Per FTE	75.8	73.3	59.5	13.8	23.2%
Fire Calls Per 1,000 Residents	119.0	115.1	92.7	22.4	24.2%
EMS Calls Per 1,000 Residents	20.9	22.4	19.5	2.9	14.7%
Operating Expenditure Per Resident	\$178	\$193	\$162	\$31	19.3%

Source: City of Wooster

Unlike police staffing, which is most effectively measured based on demand, fire staffing is most effectively based on coverage. As shown in **Table 8**, Wooster's staffing levels have similar, lower, coverage levels in comparison to the peer average. Specifically, Wooster's 1.6 fire FTEs per 1,000 residents was only fractionally different than the peer average while the City had 0.3 FTEs less per square mile.

Total Fire Department operating costs per resident were significantly higher (19.3 percent) than the peer average in 2010. Although the City was able to reduce costs per resident almost 8 percent, further reductions in costs could be achieved by reducing firefighter salaries (see **R.1**).

Table 9 displays Wooster's finance staffing in comparison to the peer average.

Table 9: Finance Department Staffing Analysis

Finance FTEs		Residents per Finance FTE		Difference	
Wooster	Peer Average	Wooster	Peer Average	FTEs	Percentage
9.9	10.8	2,644	2,548	96	3.8%

Source: Wooster and peer cities

As shown in **Table 9**, Wooster's finance staffing was in line with the peer average based on a similar number of residents to finance FTE ratio.

Table 10 displays Wooster's IT staffing in comparison to the peer average.

Table 10: IT Department Staffing Analysis

Total IT Staff (FTEs)	
City of Wooster	4
Peer Average	3
Difference	1
% Difference	33.3%
Employees per IT FTE	
City of Wooster	47.5
Peer Average	94.8
Difference	(47)
% Difference	(49.9%)
Annual Calls per Service per IT FTE	
City of Wooster	250.8
Municipal Benchmark	400
Difference	(149)
% Difference	(37.3%)

Source: City of Wooster, peer cities and *Municipal Benchmarks* (Ammons, 2012)

As shown in **Table 10**, Wooster's IT staffing was in line with the peer average employees per IT FTE and the calls per service national benchmark.

Table 11 displays Wooster's human resources (HR) staffing in comparison to the peer average.

Table 11: HR Staffing Overview

HR FTEs		Employees per HR FTE		Difference	
Wooster	Peer Average	Wooster	Peer Average	FTEs	Percentage
2.0	1.3	142.2	146.2	4.0	2.8%

Source: City of Wooster and peers

As shown in **Table 11**, Wooster's human resources staffing was in line with the peer average based on the ratio of employees per human resources FTE.

Table 12 displays Wooster's water treatment staffing in comparison to the peer average.

Table 12: Water Treatment Staffing Analysis

	Wooster	Peer Average	Difference	% Difference
Water Treatment Employees	9.3	8.0	11.3	(17.9%)
Water Maintenance Employees	2.1	5.0	7.0	(69.7%)
Total Water Treatment Employees	11.4	13	(1.6)	(12.3%)
Water Lines (miles)	120.0	170.7	(50.7)	(29.7%)
Water FTE's/1,000 Residents	0.4	0.7	(0.2)	(35.3%)
Water Lines Miles Maintained per FTE	56.6	23.0	33.6	146.3%
Housing Units per Total FTE Water	1,077.1	659.3	417.7	63.4%

Source: City of Wooster and peers

As shown in **Table 12**, Wooster has fewer water treatment FTEs per 1,000 residents while maintaining more than twice the number of line miles per employee signifying a more efficient staffing level.

Table 13 displays Wooster’s sewer treatment staffing in comparison to the peer average.

Table 13: Sewer Treatment Staffing Analysis

	Wooster	Peer Average	Difference	% Difference
Sewer Treatment Employees	8.5	11.7	(3.2)	(27.1%)
Sewer Maintenance Employees	2.1	6.7	(4.5)	(68.2%)
Total Sewer Employees	10.6	18.4	(7.8)	(42.4%)
Sanitary Sewers (miles)	110	152.96	(43.0)	(28.1%)
Sewer FTE's/1,000 population	0.4	0.7	(0.3)	(40.6%)
Sewer Lines Miles maintained per FTE	51.9	21.9	30.0	136.7%
Housing Units per Total FTE Sewer	1,158.2	666.7	491.5	73.7%

Source: City of Wooster and peers

As shown in **Table 13**, Wooster has fewer sewer treatment FTEs per 1,000 residents. Similar to the average water treatment employee, Wooster’s sewer maintenance employees maintain more than twice the number of line miles per employee signifying a more efficient staffing level.

Table 14 displays a comparison of Wooster’s building and zoning staffing levels.

Table 14: Building and Zoning Staffing Analysis¹

	Wooster	Prior Audit Avg.	Difference	% Difference
Total Department FTEs	5.0	4.9	0.1	2.0%
Total Permits Issued per FTE	199.8	150.6	49.2	32.7%
Total Plan Reviews per FTE	227	169.0	58.0	34.3%
FTEs per 1,000 Resident	0.2	0.3	(0.1)	(33.3%)
Cost per Resident	\$13.60	\$30.10	(16.5)	(54.8%)

Source: Cities of Wooster, Marysville, Perrysburg and Vandalia

¹ The original peer set of Ashland, Findlay and Sidney did not have building and zoning department that had comparable operations to Wooster. Therefore, a peer average computed using a prior audit average of 2010 data of three cities with similar building and zoning operations was used.

As shown in **Table 14**, Wooster had higher plan reviews per FTE than the prior audit average and one third less man hours dedicated per resident to building and zoning than the peer average. As a result, the cost per resident for the City’s building and zoning function was \$13.60, significantly lower than the \$30.10 of the prior audit average.

Salaries

In addition to the salary analysis (see **R.1**), salary schedules of clerical and plant operators were compared to similar positions at the peer cities. **Table 15** displays the results of this analysis.

Table 15: Total Career Earnings (30 Years) – Clerical and Plant Operators

	Wooster	Peer Average	\$ Difference	% Difference
Clerical	\$1,163,632	\$1,266,399	(\$102,767)	(8.1%)
Plant Operator	\$1,575,784	\$1,583,605	(\$7,821)	(0.5%)

Source: City of Wooster bargaining agreements

As shown in **Table 15**, total career earnings for clerical and plant operator employees were 8.1 percent and 0.5 percent lower than the peer average respectively.

Economic Development

Analysis of the City of Wooster's economic development included a review of related staffing, activities, and outreach. In each aspect the City was identified as similar to the peers. However, to provide a better understanding of the City's economic condition as compared to the peers the following comparisons were identified; annual growth in income tax receipts and unemployment rate.

Table 16 shows Wooster's annual growth rate in income tax collections as compared to the peer average.

Table 16: Annual Growth in Income Tax Receipts

	2007	2008	2009	2010	2011
Wooster ¹	8.5%	(7.2%)	(7.7%)	4.5%	6.9%
Peer Average	4.9%	(11.0%)	(8.6%)	12.1%	8.2%
Difference	3.6%	3.8%	0.9%	(7.6%)	(1.3%)
Ashland ²	0.1%	(1.8%)	(6.7%)	(0.6%)	4.6%
Findlay ³	14.3%	(26.0%)	(7.0%)	27.4%	13.2%
Sidney ⁴	0.3%	(5.2%)	(12.1%)	9.5%	6.7%

Sources: Wooster, Ashland, Findlay, and Sidney annual financial reports and Ohio Department of Taxation

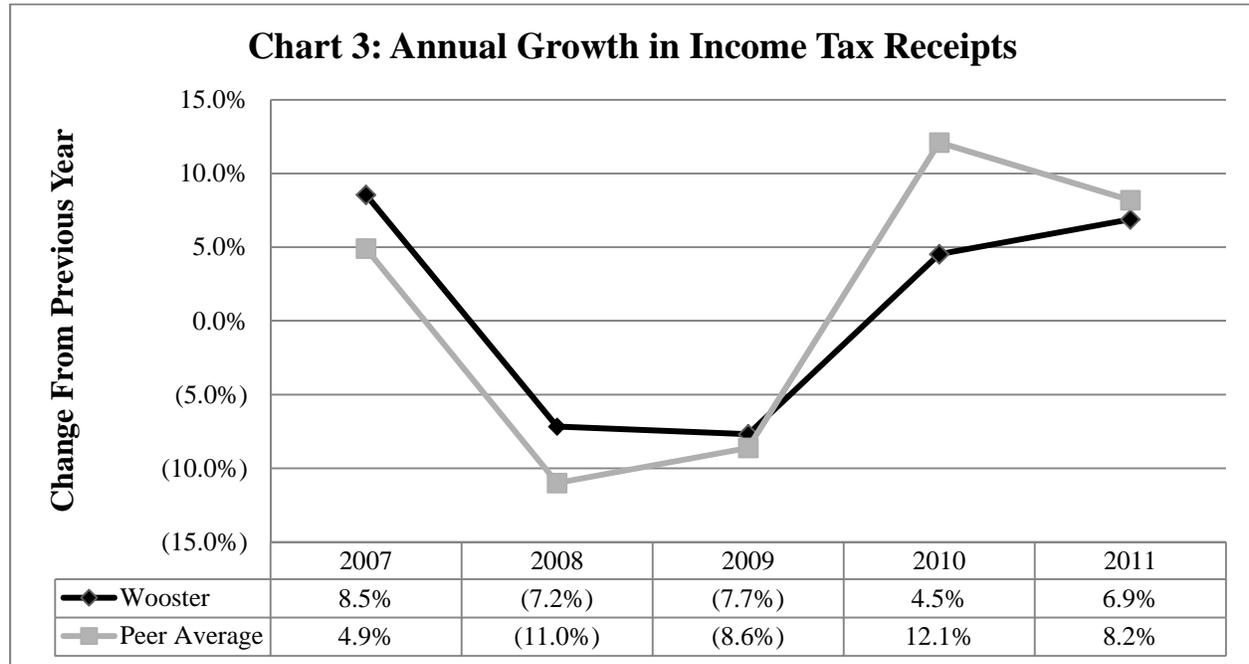
¹ Wooster's tax rate was 1.00% from 2006 through 2011

² Ashland's tax rate was 1.50% from 2006 through 2011

³ Findlay's tax rate was 1.00% from 2006 through 2009 and 1.25% in 2010 and 2011

⁴ Sidney's tax rate was 1.50% from 2006 through 2011

Chart 3 provides a graphical display of the aggregated data shown in Table 16.



Sources: Wooster, Ashland, Findlay, and Sidney annual financial reports

As shown in Table 16 and Chart 3 the City and the peers have experienced a similar pattern in income tax receipts growth and decline over the last five years. However, the peer average increased in 2010 due to the impact of the City of Findlay passing a 0.25 percent income tax increase. The City of Wooster now has the lowest income tax rate in comparison to the peers.

Table 17 shows Wayne County’s unemployment rate for the last five complete years as compared to the State of Ohio and the peer average counties.

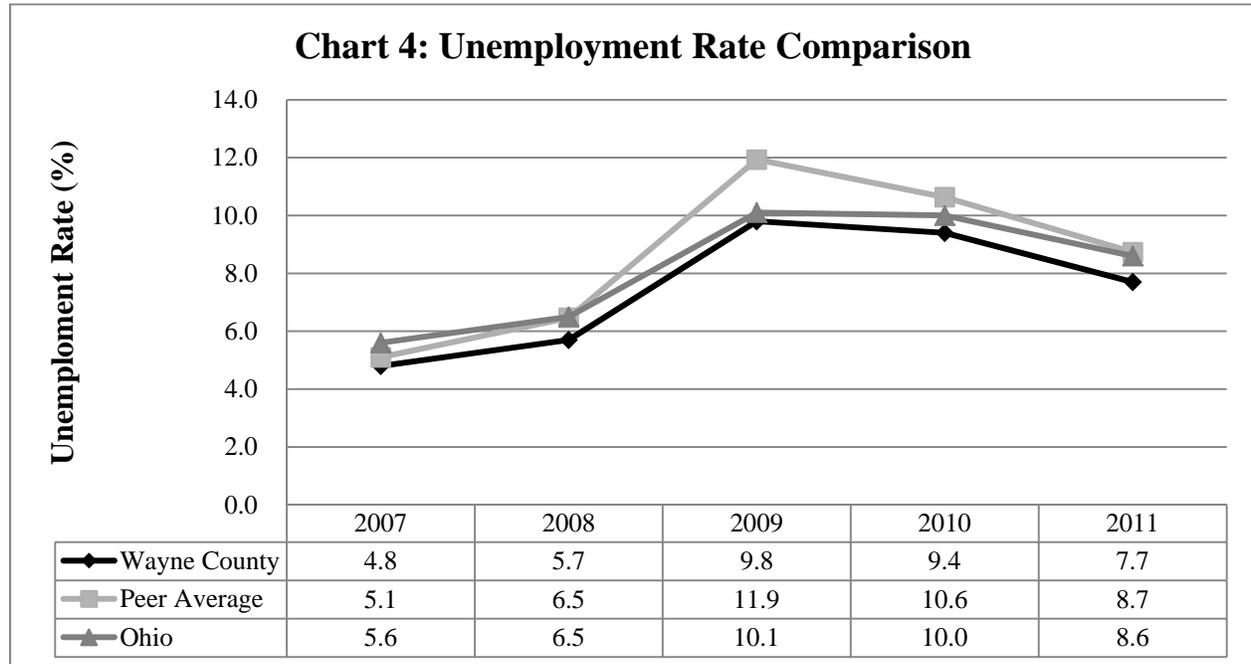
Table 17: Unemployment Rate Comparison

	2007	2008	2009	2010	2011
Wayne County	4.8	5.7	9.8	9.4	7.7
State of Ohio	5.6	6.5	10.1	10.0	8.6
Difference	(0.8%)	(0.8%)	(0.3%)	(0.6%)	(0.9%)
Wayne County	4.8	5.7	9.8	9.4	7.7
Peer Avg. Counties	5.1	6.5	11.9	10.6	8.7
Difference	(0.3%)	(0.8%)	(2.3%)	(1.2%)	(1.0%)
Ashland County	6.0	7.4	12.2	11.3	9.4
Hancock County	4.5	5.8	10.2	8.8	7.6
Shelby County	4.8	6.2	13.4	11.8	9.2

Source: Ohio Labor Market Information

Note: Comparative unemployment data is recorded based on county rather than by municipality. The City of Wooster is located in Wayne County while Ashland, Findlay, and Sidney are located in Ashland County, Hancock County, and Shelby County, respectively.

Chart 4 provides a graphical display of the aggregated data shown in Table 17.



Source: Ohio Labor Market Information

As shown in Table 17 and Chart 4 the City (i.e., Wayne County) and the peers (i.e., Ashland County, Hancock County, and Shelby County) have experienced a similar pattern in annual unemployment rate over the last five years. Furthermore, both the City and peers have experienced similar trends when compared to the aggregate rate for the State of Ohio. Although the overall unemployment rates are similar Wayne County is performing better than the peer average at all points of comparison.

Engineering Operations

Table 18: Engineering Consultant and Management Services Value

Services and Management	2008	2009	2010	2011
Value of Construction Engineering	N/A	\$1,238,220	\$445,043	\$362,387
Design Value Provided	N/A	\$121,686	\$102,563	\$57,250
Design Completed	N/A	\$36,459	\$136,002	\$129,811
Under Design	N/A	\$401,387	\$184,044	\$170,916
Planning	N/A	\$76,714	\$286,150	\$238,350
Total Value to Wooster	\$939,405	\$1,874,466	\$1,153,802	\$958,714
Total Value and Revenue	\$1,097,800	\$2,044,171	\$1,356,849	\$1,113,233
2011 Total Engineering Expenditures				\$834,909
Total Net Revenue				\$278,324

Source: City of Wooster

Note: Includes all Engineering Division revenue for total fees collected and permissive tax revenue.

The City's engineering function provides surveying, mapping, design services and contract administration for infrastructure projects. As shown in **Table 18**, the City's engineering function generated positive cash flow in 2011 primarily from revenues generated from construction engineering and planning. Due to this positive cash flow, additional analysis on this department was scoped out of the audit.

Client Response

The letter that follows is the City of Wooster's official response to the performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.

Robert F. Breneman
Mayor



Phone: 330-263-5245
Fax: 330-263-5247
Email: mayor@woosteroh.com

OFFICE OF THE MAYOR
CITY OF WOOSTER
538 N. Market Street, P.O. Box 1128
Wooster, Ohio 44691-7082

January 11, 2013

The Honorable Dave Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

RE: Wooster Performance Audit

Dear Auditor Yost:

On behalf of the City of Wooster, we would like to thank you for the work performed by your staff in completing the performance audit for the City of Wooster. We realize that requesting a complete audit of all City functions and departments would entail a significant undertaking, but we felt that the State's expertise in determining efficiencies and cost savings measures would be a significant benefit to the City as we seek to be good stewards of public funds.

The City requested this audit to assist us in evaluating our efficiency and effectiveness in managing the operations of the City. Due to the economic downturn, a reduction in state funding, and significant cuts in staffing over the past several years, Wooster has struggled to maintain the high level of services that our citizens have come to expect.

The results of your performance audit confirm to us that our municipal government is operating in an efficient manner when compared to our peer cities. Taken as a whole, the findings indicate that Wooster compares very favorably with our peers in regard to staffing and services provided to our citizens. To the extent that they can be implemented, the potential savings indicated in the report will assist us in our efforts to provide high quality services to the community. But, even if fully implemented, the potential savings will fall far short of funding basic city services and much-needed capital improvements. The City cut \$2MM from operations in 2010, lost another \$2MM in state revenue cuts that became effective as of January 1, 2013, and has funded few, if any, capital projects over the last several years, resulting a depletion of the capital fund that should have a balance of \$3MM to cover depreciation. Nonetheless, we appreciate the data and recommendations included in your report, and we will carefully review them as we look for ways to improve our operations.

Before addressing the recommendations of your report, we believe that a few comments relative to the peer selection and comparables are in order. We understand the difficulty in finding multiple peer cities that provide accurate comparisons in all areas when considering

demographics, organizational structure, and services provided. While Findlay, Sidney and Ashland may be comparable in some areas, we firmly believe that simply comparing average statistics of those three cities to Wooster does not give a completely accurate view of all operations. A single outlying number in even one area of a city's operations can have a significant impact on the peer average. It should also be emphasized that Wooster strives to provide high quality services and to attract and retain quality personnel. Therefore, setting a target goal for city operations that is based solely on an average of three cities would not constitute a best management practice. Aiming for mediocrity will likely not result in the most efficient and effective government operations or the highest quality services for the citizens.

That being said, our intent is to implement as many of your recommendations as are possible, with due regard being given to limitations imposed upon management by the Ohio's Public Employee Collective Bargaining Act (as more than 91% of your proposed cost savings measures are dependent upon contract negotiations with the City's three labor unions). Simply put, any implementation of Recommendations 1, 2, 3 and 5 will require negotiations with, and the agreement of, our bargaining units. That said, we intend to highlight these recommendations as we commence negotiations upon two collective bargaining agreements that will expire at the end of 2013 and another that will expire in late 2014.

Recommendation 4 will require an evaluation of operations of the police and fire divisions for the most efficient way to implement additional officers into the system, while evaluating the impact and effectiveness on those operations of additional part-time staff. The costs of training and equipment would also need to be added to those costs in your report in order to evaluate the long-term cost effectiveness of the recommendation.

We would also like to point out that the peer data for police and fire indicates that our safety forces are handling more calls for service and making more arrests/issuing more citations with fewer personnel per resident than our peer cities. While handling this higher work load, our crime rates are lower, indicating that our safety forces have proven to be very effective.

Recommendations 2 and 3 involve benefits related to health care expenses. It should be noted that the FSA program was negotiated in lieu of optical and dental insurance coverage. While none of the peer cities offers an FSA, two of the three peer cities offer dental and optical coverage as part of their insurance benefits.

The City agrees with recommendation 6. We have already met with one collection agency and had discussions with several others. It should be noted, however, that over the same period analyzed in the report, the City billed \$149,082,500.33 and collected \$149,045,000.33. The city has therefore collected 99.975 percent of dollars billed over this same time frame.

Recommendations 7 through 10 do not result in any specific cost savings, but will be implemented for the purpose of incorporating best management practices. As is the case with many of your recommendations, policies are currently being written to implement stricter guidelines on sick leave and accumulations, attendance policy and corrective actions. The City is committed to addressing employee costs associated with wages, overtime and benefits, while at the same time maintaining the public health, safety and welfare. The challenging financial

environment forces the City to attempt to find a balance between public safety and welfare, and the costs associated with those services.

We appreciate the efforts of your audit team to assess city-wide management and operations, and we look forward to using these findings as a management resource. The recommendations contained in this report will assist the City administration and Wooster City Council in making informed decisions as Wooster moves forward and seeks to provide the efficient and effective government services that the taxpayers of Wooster have come to expect.

Sincerely,

A handwritten signature in blue ink that reads "Robert F. Breneman". The signature is written in a cursive style with a prominent flourish at the end.

Robert F. Breneman
Mayor



Dave Yost • Auditor of State

CITY OF WOOSTER

WAYNE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2013