



Rea & associates *a brighter way*

# City of Wooster Wayne County, Ohio

Reports Issued Pursuant to Government Auditing  
Standards and OMB Circular A-133

For the Year Ended  
December 31, 2013





# Dave Yost • Auditor of State

City Council  
City of Wooster  
538 N. Market Street  
Wooster, Ohio 44691

We have reviewed the *Independent Auditor's Report* of the City of Wooster, Wayne County, prepared by Rea & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Wooster is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

August 27, 2014

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**City of Wooster**  
**Wayne County, Ohio**  
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June 27, 2014

To Members of Council and Management  
City of Wooster  
Wayne County, Ohio  
538 North Market Street  
Wooster, OH 44691

**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***

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 City of Wooster, Wayne County, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2014.

**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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2013-001.

### **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Rea & Associates, Inc.*

Medina, Ohio

June 27, 2014

To Members of Council and Management  
City of Wooster  
Wayne County, Ohio  
538 North Market Street  
Wooster, OH 44691

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Wooster's, Wayne County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

**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 each 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the City as of and for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Rea & Associates, Inc.*

Medina, Ohio

**CITY OF WOOSTER  
WAYNE COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Grant Agency/Project Title	Grant Identification Number	CFDA Number	Expenditures
<b>FEDERAL ASSISTANCE:</b>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the State of Ohio Development Services Agency:			
Community Development Block Grants			
Community Development Program	AF-11-2EQ-1	14.228	\$ 18,300
Community Development Program	AF-12-2EQ-1	14.228	52,295
Community Housing Improvement Program	AC-11-2EQ-1	14.228	51,110
Community Development Program - ED/RLF	N/A*	14.228	4,832
Community Development Program - Downtown Façade/RLF	N/A*	14.228	1,759
Total Community Development Block Grants			128,296
Home Investment Partnership Grants			
Home Investment Partnership Program	AC-11-2EQ-2	14.239	126,483
Total U.S. Department of Housing and Urban Development			254,779
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Ohio Department of Transportation			
Federal Highway Administration			
Highway Planning and Construction - SR 585	N059(11)	20.205	11,264
Highway Planning and Construction - SR 302	E101(129)	20.205	63,296
Highway Planning and Construction - Liberty St Resurfacing	E120(204)	20.205	100,133
Highway Planning and Construction - Microsurfacing North Street	E120(205)	20.205	19,442
Highway Planning and Construction - Safe Routes to School	E110(769)	20.205	63,701
Highway Planning and Construction - Safe Routes to School	E110(841)	20.205	22,226
Highway Planning and Construction - Columbus Ave Resurfacing	E120(209)	20.205	51,157
Total U.S. Department of Transportation			331,220
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Ohio Department of Health:			
National Bioterrorism Hospital Preparedness Program	07760042RP0310	93.889	17,296
Total U.S. Department of Health and Human Services			17,296
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Award:			
Assistance to the Firefighters Grant	EMW-2012-FO-05350	97.044	99,766
Total Federal Expenditures			\$ 703,061

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wooster, Wayne County, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

\*The Office of Community Development approved funds to be transferred from the Community Development Block Grants Revolving Loan Fund for the purpose of improving a parking lot in the 100 Block West of Wooster's Public Square.

**City of Wooster**  
**Wayne County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*December 31, 2013*

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Program (list):	#20.205 Highway Planning & Construction
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**City of Wooster**  
**Wayne County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*December 31, 2013*

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number:** 2013-001

**Material Non-Compliance – Budgeting Procedures**

**Criteria:** Ohio Rev. Code section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official certificate or amended official certificate. When the appropriation does not exceed such official certificate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

**Condition:** The City had final appropriations exceeding the certified estimated resources for the following fund:

	Total Estimated Resources	Final Appropriations	Excess
Capital Improvement	\$ 5,084,494	\$ 5,791,086	\$ 706,592
Lillian Long Estate	\$ 12,113	\$ 21,401	\$ 9,288

**Cause:** The City certified resources with the County using estimated prior year encumbrances, rather than actual prior year encumbrances, in determining available resources for appropriation.

**Effect:** Failure to use actual prior year encumbrances could result in expenditures exceeding resources.

**Recommendation:** We recommend the City monitor appropriations to estimated resources in all funds which are legally required to be budgeted, to ensure compliance with the above requirement. This comparison should be compared on a regular basis and any time either certificate of estimated resources or appropriations are modified. Also, the City should update its budgetary records to reflect actual prior year encumbrances.

**Management’s Response:** The Finance Department will monitor budgets monthly and make necessary amendments.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None noted.