

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Members of City Council  
City of Lakewood  
12650 Detroit Avenue  
Lakewood, Ohio 44107

We have reviewed the *Independent Auditor's Report* of the City of Lakewood, Cuyahoga County, prepared by James G. Zupka, CPA, 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 Lakewood is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 25, 2014

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**CITY OF LAKEWOOD, OHIO**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

To the Members of City Council and  
Members of the Audit Committee  
City of Lakewood, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Cuyahoga 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 of Lakewood, Ohio's basic financial statements, and have issued our report thereon dated April 28, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lakewood, Ohio'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 of Lakewood, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lakewood, Ohio'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 City'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 of Lakewood, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lakewood, Ohio'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 City of Lakewood, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
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Date: 2014.06.09 16:21:58 -0400

James G. Zupka, CPA, Inc.  
Certified Public Accountants

April 28, 2014

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Members of City Council and  
Members of the Audit Committee  
City of Lakewood, Ohio

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

We have audited the City of Lakewood, Cuyahoga County, Ohio's 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 of Lakewood, Cuyahoga County, Ohio's major federal programs for the year ended December 31, 2013. The City of Lakewood, Ohio'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 each of the City of Lakewood, Ohio'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 of Lakewood, Ohio'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 of Lakewood, Ohio's compliance.



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

In our opinion, the City of Lakewood, Ohio, 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 of Lakewood, Ohio, 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 of Lakewood, Ohio'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 each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lakewood, Ohio'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.

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Lakewood, Ohio's basic financial statements. We issued our report thereon dated April 28, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

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.

**James G. Zupka**  
CPA, President

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
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Date: 2014.06.09 16:22:29 -0400

James G. Zupka, CPA, Inc.  
Certified Public Accountants

April 28, 2014

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

<b>Federal Grantor/        Pass-Through Grantor/        Program Title</b>	<b>Federal        CFDA        Number</b>	<b>Pass-Through        Entity Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i><u>Direct Programs</u></i>			
Community Development Block Grant Cluster			
Community Development Block Grant	14.218	B-10-MC-39-0007	* \$ 2,010,706
Total Community Development Block Grant Cluster			<u>2,010,706</u>
Emergency Shelter Grant	14.231	S-10-MC-39-0007	218,701
Total Direct Programs			<u>2,229,407</u>
<i><u>Passed Through Cuyahoga County Housing Consortium</u></i>			
HOME Investment Partnerships Program Grant	14.239	CE-0400-354-01	* 433,900
<i><u>Passed Through Ohio Department of Development</u></i>			
Neighborhood Stabilization Program Grant	14.228	A-Z-08-282-1	* 413,953
Total Passed Through Programs			<u>847,853</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>3,077,260</u></u>
<b><u>U.S. Department of Justice</u></b>			
<i><u>Direct Program</u></i>			
JLEO-Joint Law Enforcement Operations-Overtime Reimbursement	16.111	n/a	17,017
<b>Total U. S. Department of Justice</b>			<u>17,017</u>
<b><u>U.S. Federal Emergency Management Agency</u></b>			
<i><u>Direct Program</u></i>			
Federal Emergency Management Agency Equipment Grant	97.044	EMW-2013-FFS-001	148,587
Federal Emergency Management Agency Equipment Grant	97.044	EMW-2011-FO-08043	26,712
Federal Emergency Management Agency Equipment Grant	97.044	EMW-2008-FO-07739	3,724
<b>Total U.S. Department of Federal Emergency Management Agency</b>			<u>179,023</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i><u>Passed Through Western Reserve Area Agency on Aging</u></i>			
Special Programs for the Aging - Title III	93.044	n/a	76,948
Medical Assistance Program (Passport Services)	93.778	n/a	45,142
<b>Total U.S. Department of Health and Human Services</b>			<u>122,090</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,395,390</u></u>

\* Includes program income.

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY, OHIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards of the City of Lakewood, Ohio summarizes the activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE 2: SUBRECIPIENTS**

The City passes through certain federal assistance received from the U.S. Department of Housing and Urban Development (HUD) to other governments or not-for-profit agencies (subrecipients). As described above in Note 1, the City records expenditures of federal monies to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the City is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE 3: MATCHING REQUIREMENTS**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support federally funded programs. The City has complied with the matching requirements. The expenditures of non-federal matching funds is not included on the Schedule.

**NOTE 4: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND HOME PROGRAM GRANTS**

The City has established a revolving loan program to provide low-interest loans to persons from low to moderate income households to rehabilitate their homes. The U.S. Department of Housing and Urban Development (HUD) grants monies for these loans directly to the City. The initial loan of these monies is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on this Schedule. These loans are collateralized by mortgages on the property. At December 31, 2013, the gross amount of loans outstanding under this program is \$1,543,683. The Emergency Shelter Grant and the Homelessness Prevention and Rapid Re-Housing Program Grant are directly received by the City. HUD's HOME Program grant is passed through the Cuyahoga County Housing Authority Consortium.

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY, OHIO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

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**NOTE 5: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND SPECIAL PROGRAMS FOR THE AGING**

The U.S. Department of Health and Human Services grants are passed through the Western Reserve Area Agency on Aging.

**NOTE 6: FOOD DISTRIBUTION**

The U.S. Department of Health and Human Services allocated \$76,948 to the City for the Congregate Meal Program and the Home Delivered Meal Program, and these funds were passed through the Western Reserve Area Agency on Aging. Meals received from the Western Reserve Area Agency on Aging are valued at \$4.17 for the Congregate Meal Program per meal served and \$4.33 for the Home Delivered Meal Program per meal served. For the year ended December 31, 2013, the City served 15,558 and 24,224 meals through the City's Office on Aging Congregate Meal Program and Home Delivered Meal Program, respectively.

**CITY OF LAKEWOOD, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
DECEMBER 31, 2013**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinions	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(vii)	Major Programs (list):  Community Development Block Grant - CFDA #14.218 Neighborhood Stabilization Program - CFDA #14.228	
2013(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2013(ix)	Low Risk Auditee?	Yes

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CITY OF LAKEWOOD, OHIO  
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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The prior audit report, as of December 31, 2012, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.