Begin forwarded message:
**From:** "Pae, Jennifer" <Jennifer.Pae@lakewoodoh.net>
**Subject: FW: Questions Concerning Auditor's Report**
**Date:** September 29, 2016 at 10:12:37 AM EDT
**To:** "bjessi@sbcglobal.net"
**Cc:** "'Sujata Sulzer'" Sarah Betzel "Butler, Kevin" <Kevin.Butler@lakewoodoh.net>, "Petrus, Jeannine" <Jeannine.Petrus@lakewoodoh.net>, "Schuster, Keith" <Keith.Schuster@lakewoodoh.net>

Mr. Essi –

The following and attached are the city's auditor's response to your questions.

***Jennifer Pae***
***Director of Finance***
***City of Lakewood***
***(216) 529-6092***
***www.onelakewood.com***

**From:** Sarah Betzel
**Sent:** Wednesday, September 28, 2016 1:37 PM
**To:** Pae, Jennifer
**Cc:** 'Sujata Sulzer'; Schuster, Keith
**Subject:** RE: Questions Concerning Auditor's Report

Hi Jenn,

See all my answers below in red. I believe I answered them all.

I have also attached an excel file I made when preparing the CAFR that summarizes the activity.

Let me know if you need any further information.

Thank you,
Sarah

**From:** Brian Essi
**Sent:** Wednesday, September 28, 2016 11:13 AM
**To:** Pae, Jennifer
**Subject:** Questions Concerning Auditor's Report

Dear Director Pae,
The Independent Auditor's Report as part of the CAFR indicates that questions concerning the report should be directed to you. I have the following questions concerning your Comprehensive Annual Financial Report:

1. Page 19 of Independent Auditor's Report refers to *"$6.6 million as recognition of early termination of the 1996 Lease*." The MD&A section is a discussion and normally will be rounded, so this is the 6,644,731 as a rounded number. Pages 88 and 132 of the Independent Auditor's Report refers to "*a* **net** *amount of $6,644,731 per the master agreement from the Cleveland Clinic as recognition of early termination of the 1996 lease agreements and loss of future income tax*." Finally, the Master Agreement section 5.4 refers to a $6.8 million cash payment . Can you kindly explain the $200,000 and $155,269 discrepancies between the numbers on the Auditor's Report? The 6.8 is a gross number and the 6.6 is net. The difference are the various title and closing fees charged by title company at closing.
2. Under Section 6.2 of the Master Agreement, LHA was to pay $500K of the $7M demolition/redevelopment costs as of the date of FHC Site Sale which the Auditor's Report indicates was February 22, 2016. Was the $500K paid on February 22, 2016? JGZ doesn't have this information If so, why was it not mentioned in the Auditor's Report? Audit report covers 2015 and this was related to 2016 and subsequent event note is a summary If not, why wasn't paid, if you know?
3. Can you kindly explain the $2,700,056 discrepancy between the $9,070,118 of "Total Revenues" referred to on pages 31 and 132 of the Independent Auditor's Report and the "Total Revenues" of $11,770,174

referred to on page 16 of the Independent Auditor's Report? Pages 31 and 132 are on a cash basis (budgetary) and page 16 is on an accrual basis. There is a note that explains this on page 50

4. Can you kindly provide the aggregate or individual amounts for all or each the "*seven residential properties the City previously had control over*" referred to on page 19 of the of the Independent Auditor's Report for 12/31/15? In other words, what dollar amounts are reported with those seven properties? See attached Also, was any dollar amount included for 12/31/14 for those seven properties? No, not a part of the City as of that date
5. Can you kindly explain the $2,702,569 discrepancy between the "*Contributions and Donations*" of $6,644,731 reported on page 132 of the Auditor's Report and the "*Contributions and Donations*" of $9,347,300 reported on page 26 of the Auditor's Report? The 6,644,731 is on a cash basis and the 9,347,300 is on an accrual basis. The main difference was an accrual entry for a debit to assets held for resale (for the 7 properties, medical office building and parking garage) and credit to contributions. The rest of the difference is that the revenue on the financials were shown as gross to revenue and the fees charged to expense.
6. What was the dollar amount included in the amounts reported on the Auditors for 12/31/14 for the "*Medical office building located at 14601 Avenue*" referred to on page 19? Not related to 12-31-14 and included only in 2015 as assets held for resale of 1,576,000, the medical office building and parking garage are both included in this number
7. What was the dollar amount included in the amounts reported on the Auditors for 12/31/14 for the "*parking garage located at 14601 Detroit*" referred to on page 19? See above
8. What was the dollar amount included in the amounts reported on the Auditors for 12/31/14 noneand 12/31/15 for the "*Community Health Center located at 1450 Belle Avenue*" referred to on page 19? 700,000 as a capital grant and contribution
9. What was the dollar amount included in the amounts reported on the Auditor's Report for 12/31/14 none and 12/31/15 for the "*existing Lakewood Hospital site and all other property currently leased to LHA*"

and referred to on page 88 of the Auditor's Report? City prepared note. I think it would include the above or 2016 activity?
Could you kindly direct your answers to me via email bjessi@sbcglobal.net or call me at 216 346-3434 with any questions you may have.
Thank you for your prompt attention to this matter.

Sincerely,

Brian J. Essi
Lakewood Resident