



26789 Highland Road  
Richmond Heights, Ohio 44143  
Phone: 216.486.2474  
Fax: 216.383.6320

**CITY COUNCIL MEETING AGENDA  
APRIL 24, 2018**

**PLEDGE ALLEGIANCE TO THE FLAG**

**TIME:** \_\_\_\_\_

**ROLL CALL: ALEXANDER, HENRY, HURST, KUMIN, LENTINE, LEWIS, URSU**

**PRESENT:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

**Motion was made by \_\_\_\_\_ seconded by \_\_\_\_\_ to excuse \_\_\_\_\_**

**ROLL CALL: ALEXANDER, HENRY, HURST, KUMIN, LENTINE, LEWIS, URSU**

**CONSENT AGENDA**

All matters listed under the Consent Agenda are considered to be routine by the City Council and will be enacted by one motion, which motion suspends the Council's rules requiring three separate readings of legislation, and there will be no separate discussion of these items when so adopted. If any Councilperson desires discussion, the particular item will be removed from the Consent Agenda and will be considered separately by Council with full discussion and individual action therein.

- 1) Minutes of the City Council Meeting from April 10, 2018.

**MOTION**

**Motion was made by \_\_\_\_\_ seconded by \_\_\_\_\_ to accept the Consent Agenda as submitted.**

**ROLL CALL: ALEXANDER, HENRY, HURST, KUMIN, LENTINE, LEWIS, URSU**

**REPORTS:**

**Mayor David H. Roche:**

**Fire Chief, Marc Neumann:**

**Police Chief, Gene Rowe:**

**Building Commissioner, Jim Urankar:**

**Finance Director, Jim Teknipp:**

**Recreation Director, Rick Dula:**

**Economic Development Director, Christel Best:**

**City Engineer, Lee Courtney:**

**Service Director, Donald Kerniskey:**

**Audience:**

**OLD BUSINESS:**

**RESOLUTION NO.: 41-2018, INTRODUCED BY URSU, THIRD READING**

AN EMERGENCY ORDINANCE AUTHORIZING DECLARATIONS OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS WITH RESPECT TO REIMBURSEMENTS FROM PROCEEDS OF BONDS, NOTES OR OTHER OBLIGATIONS OF TEMPORARY ADVANCES MADE FOR PAYMENTS PRIOR TO ISSUANCE, AND RELATED MATTERS.

PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**NEW BUSINESS:**

**RESOLUTION NO.: 46-2018, INTRODUCED BY URSU, FIRST READING**

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH COMPMANAGEMENT, LLC, A SEDGWICK CLAIMS MANAGEMENT SERVICES, INC. COMPANY, FOR THIRD-PARTY ADMINISTRATION SERVICES FOR WORKER'S COMPENSATION CLAIMS.

SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**RESOLUTION NO.: 47-2018, INTRODUCED BY URSU, FIRST READING**

A RESOLUTION TO AUTHORIZE A CONTRACT WITH THE AUDITOR OF THE STATE OF OHIO FOR FINANCIAL STATEMENT AUDITS FOR THE YEAR 2017.

SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**RESOLUTION NO.: 48-2018, INTRODUCED BY URSU, FIRST READING**

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH O'REILLY EQUIPMENT, LLC FOR THE PURCHASE OF A UTILITY TRAILER FOR THE SERVICE DEPARTMENT.

SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**RESOLUTION NO.: 49-2018, INTRODUCED BY LENTINE, FIRST READING**

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH HASTINGS AIR ENERGY CONTROL, INC. FOR THE PURCHASE AND INSTALLATION OF A SOURCE CAPTURE EXHAUST EXTRACTION SYSTEM FOR THE DIVISION OF FIRE.

SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**RESOLUTION NO.: 50-2018, INTRODUCED BY URSU, FIRST READING**

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH BAIN ENTERPRISES, LLC FOR THE PURCHASE OF BARRICADE WARNING SIGNS.

SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**RESOLUTION NO.: 51-2018, INTRODUCED BY COTTON-HENRY, FIRST READING**

A RESOLUTION ADOPTING A DISASTER RECOVERY PLAN FOR THE CITY OF RICHMOND HEIGHTS.

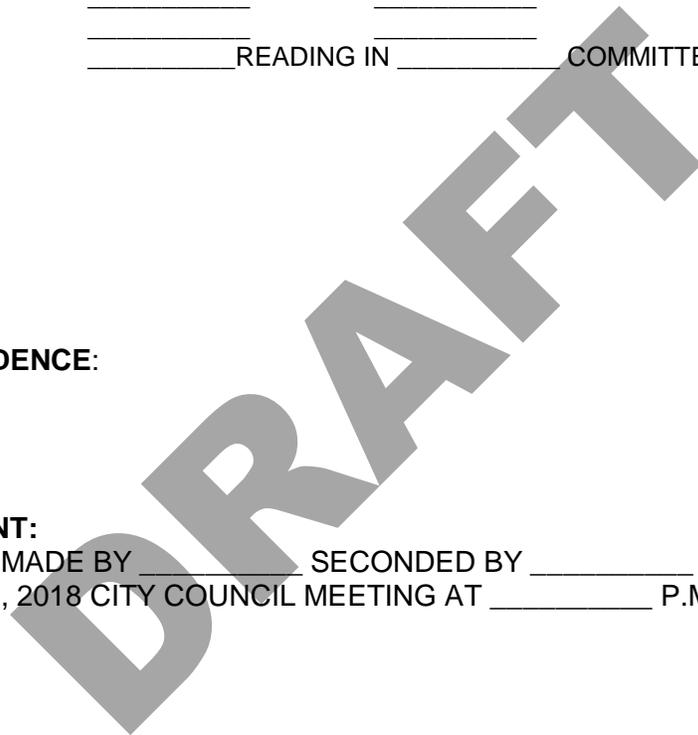
SUSPENSION: \_\_\_\_\_  
PASSAGE: \_\_\_\_\_  
KEPT ON: \_\_\_\_\_ READING IN \_\_\_\_\_ COMMITTEE

**ADDITIONS:**

**CORRESPONDENCE:**

**ADJOURNMENT:**

MOTION WAS MADE BY \_\_\_\_\_ SECONDED BY \_\_\_\_\_ TO ADJOURN  
THIS APRIL 24, 2018 CITY COUNCIL MEETING AT \_\_\_\_\_ P.M.



ORDINANCE NO. 41 -2018

INTRODUCED BY: Ursu

AN EMERGENCY ORDINANCE AUTHORIZING DECLARATIONS OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS WITH RESPECT TO REIMBURSEMENTS FROM PROCEEDS OF BONDS, NOTES OR OTHER OBLIGATIONS OF TEMPORARY ADVANCES MADE FOR PAYMENTS PRIOR TO ISSUANCE, AND RELATED MATTERS.

WHEREAS, United States Treasury Regulations §1.150-2 (the Reimbursement Regulations) prescribe conditions under which proceeds of bonds, notes or other obligations (hereinafter collectively referred to as “Bonds”) used to reimburse advances made for capital and certain expenditures (Original Expenditures) paid before the issuance of such Bonds will be deemed to be expended for purposes of the Internal Revenue Code of 1986, as amended (the Code), upon such reimbursement so that the proceeds so used will no longer be subject to requirements or restrictions under those sections of the Code;

WHEREAS, certain provisions of the Reimbursement Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the Original Expenditures expected to be reimbursed from proceeds of Bonds, and that the reimbursement occur within certain prescribed time periods after an Original Expenditure is paid or after the property resulting from that Original Expenditure is placed in service; and

WHEREAS, this Council wishes to take steps to comply with the Reimbursement Regulations;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Richmond Heights, Ohio, that:

Section 1. Definitions. The following definitions apply to the terms used herein:

“Authorized Officer” means the Mayor or the Director of Finance or any person designated for the purpose by those officers.

“Declaration of Official Intent” means a declaration of intent, in the form and manner and time contemplated in the Reimbursement Regulations, that the advances for Original Expenditures referred to therein are reasonably expected to be reimbursed from the proceeds of Bonds to be issued after those Original Expenditures are paid.

“Reimbursement” or “reimburse” means the restoration to the City of money temporarily advanced from its other funds and spent for Original Expenditures before the issuance of the Bonds, evidenced in writing by an allocation on the books and records of the City that shows the use of the proceeds of the Bonds to restore the money advanced for the Original Expenditures.

“Reimbursement” or “reimburse” generally does not include the refunding or retiring of Bonds previously issued and sold to, or borrowings from, unrelated entities.

Section 2. Authorization and Requirement of Declarations of Official Intent. Each Authorized Officer is authorized (a) to prepare and sign Declarations of Official Intent in substantially the form attached as Exhibit A with respect to Original Expenditures to which the Reimbursement Regulations apply to be made from money temporarily advanced and that is reasonably expected to be reimbursed (in accordance with applicable authorizations, policies and practices) from the proceeds of Bonds, (b) to make appropriate reimbursement and timely allocations from the proceeds of the Bonds to reimburse such Original Expenditures, and (c) to take any other actions as may be appropriate, all at the times and in the manner required under the Reimbursement Regulations in order for the reimbursement to be treated as an expenditure of such proceeds for purposes of Sections 103 and 141 to 150 of the Code. No advance from any fund or account or order for payment may be made for Original Expenditures (other than expenditures excepted from such requirement under the Regulations) that are to be reimbursed subsequently from proceeds of Bonds unless a Declaration of Official Intent with respect thereto is made within the time required by the Reimbursement Regulations.

Section 3. Compliance with Open Meeting Requirements. This Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken in open meetings of this Council or of its committees and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 4. Declaration of Emergency; Effective Date. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of this City, and for the further reason that this Ordinance is required to be immediately effective such that Original Expenditures to be reimbursed are immediately necessary for such preservation and the Reimbursement Regulations require timely Declarations of Official Intent in order to qualify such Original Expenditures for reimbursement from the proceeds of Reimbursement Bonds; wherefore, this Ordinance shall be in full force and effect from and immediately upon its passage and approval by the Mayor.

PASSED: \_\_\_\_\_, 2018

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_, 2018

ATTEST: \_\_\_\_\_  
Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

**EXHIBIT A**

**DECLARATION OF OFFICIAL INTENT**

**For Reimbursement of Expenditures from Bonds/Notes**

This is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The undersigned, on behalf of the City of Richmond Heights, Ohio (the "Borrower"), declares that the Borrower reasonably expects that the capital and other expenditures described in paragraph 2 (the "Project") will be reimbursed with the proceeds of "bonds" (as defined in Section 150 of the Code). The maximum principal amount of bonds expected to be issued for the Project is \$\_\_\_\_\_.
2. Description of capital and other expenditures to be reimbursed. *[Complete either the first option or the second option but do not use the second option unless the functional purpose of the fund or account is generally descriptive of the purpose of the expenditures.]*

Expenditures for (insert a general functional description of property, project, program or purpose):

\_\_\_\_\_

\_\_\_\_\_

[OR]

Expenditures initially made from and to be reimbursed to the fund or account entitled \_\_\_\_\_, the general functional purpose of which fund or account is \_\_\_\_\_

The undersigned has been authorized by the Borrower to make and sign this Declaration on behalf of the Borrower.

Date of Declaration:

\_\_\_\_\_, 20\_\_

CITY OF RICHMOND HEIGHTS, OHIO

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or print Name and Title)

**Caution:** This Declaration of Official Intent will not be effective unless the bonds providing money for the reimbursement are issued and the reimbursement for the Project described above is made (by an allocation on the books and records identifying the expenditures as in paragraph 2 above) within the applicable period prescribed in the Treasury Regulations – generally, 18 months after the later of the date of the expenditure or the date the Project is placed in service, but in no event later than three years after the date of the expenditure.

## EXHIBIT A

### INSTRUCTIONS for DECLARATION OF OFFICIAL INTENT for Reimbursement From Tax-Exempt Bonds/Notes

#### PURPOSE

The form to which these instructions pertain is intended for use under Treasury Regulations §1.150-2 (the “Reimbursement Regulations”) in order that capital and certain other expenditures paid with moneys temporarily advanced from other funds that are reasonably expected to be reimbursed from proceeds of subsequently issued notes, bonds or other obligations (“Bonds”) may qualify for such reimbursement. Failure to comply can result in the inability for federal income tax purposes to treat proceeds of the Bonds used to reimburse the expenditures as spent for arbitrage/rebate purposes. With certain exceptions for qualified “preliminary expenditures” and certain de minimis expenditures, a Declaration of Official Intent must be made not later than 60 days after payment of any expenditure expected to be reimbursed from proceeds of Bonds. Declarations of Official Intent should not be made systematically for all expenditures or in exaggerated amounts regardless of actual expectations, but only when it is realistically expected that the expenditure will be reimbursed from the proceeds of Bonds. In general only capital expenditures can be reimbursed from the proceeds of Bonds. “Capital expenditures” include (subject to any more restrictive state law) any costs related to the acquisition or construction of land or interests in real estate, buildings, structures, additions thereto, or other permanent improvements, and restoration or betterments made to increase the value of property or substantially prolong its useful life, and machinery, equipment, furniture and fixtures or other property having a useful life of at least one year or such longer period as is required by applicable state law. Costs of issuance of the Bonds are capital expenditures. Certain other expenditures also qualify for reimbursement. The Regulations do not apply to, and this form is not needed in connection with, the use of proceeds of Bonds to finance expenditures paid on or after the date of issuance of the Bonds. This form also generally is not needed in connection with the issuance of Bonds to refinance external borrowings (taxable or tax-exempt).

#### INSTRUCTIONS

These instructions are based on the Reimbursement Regulations currently in effect. The references are to the particular paragraphs on the form of Declaration of Official Intent.

Paragraph 1. Insert the anticipated maximum principal amount of Bonds expected to be issued for the Project. The amount should include the maximum principal amount of all Bonds to be issued for the Project (i.e., Bonds for reimbursement of prior expenditures and Bonds to finance expenditures to be paid on or after the date of issuance of the Bonds). A Project includes any property, project, or program (e.g., highway capital improvement program, hospital equipment acquisition, or school building renovation).

Paragraph 2. The general description of the capital expenditures to be reimbursed may be set forth in one of two ways – either by a functional description of the property, project or program for which the expenditures are made –

Examples – “highway capital improvement program”; “street and bridge improvements”; “hospital equipment acquisition”; “school buildings renovation”;

or by identification of the fund or account from which the money will be advanced to pay the expenditures that will be reimbursed subsequently from Bonds, and a statement of the general functional purpose of that fund or account –

Example – “parks and recreation fund, the general functional purpose of which fund or account is recreational facility capital improvement program.”

The second option concerning identification and description of the fund can be used where the fund purpose, in effect, describes the generic purpose of the project, property or program, such as a waterworks improvement for which money is advanced from the water utility capital improvement fund. If the money is to be advanced from a general purpose fund such as the general fund or a capital improvements fund that is available for any type of capital improvement, use the first option by stating the generic function of the project, property or improvement.

501(c) Organizations. If the proceeds of the Bonds will be loaned to a 501(c)(3) organization, either the 501(c)(3) organization or the issuer of the Bonds may make the Declaration with respect to expenditures of the 501(c)(3) organization that are to be reimbursed.

DRAFT

RESOLUTION NO.: 46 -2018  
INTRODUCED BY: Ursu

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH COMPMANAGEMENT, LLC, A SEDGWICK CLAIMS MANAGEMENT SERVICES, INC. COMPANY, FOR THIRD-PARTY ADMINISTRATION SERVICES FOR WORKER'S COMPENSATION CLAIMS.**

WHEREAS, the City is in need of third-party administration services for workers' compensation claims filed by City employees; and

WHEREAS, the firm CompManagement, LLC, a Sedgwick Claims Management Services, Inc. company, has satisfactorily assisted the City in the past with respect to these type of services.

NOW, THEREFORE, be it resolved by the Council of the City of Richmond Heights, State of Ohio, that:

Section 1: The Mayor is authorized to enter into an agreement with CompManagement, LLC, a Sedgwick Claims Management Services, Inc. company, for workers' compensation third-party administration services, a copy of which is attached hereto and incorporated herein as "Exhibit A", for an amount not to exceed Two Thousand Six Hundred Forty-Five Dollars (\$2,645.00) for calendar year 2018.

Section 2: The Director of Finance is authorized and directed to appropriate to a proper account the amount necessary for the services set forth in Section 1 of this Resolution.

Section 3: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 4: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

RESOLUTION NO.: 47-2018  
INTRODUCED BY: Ursu

A RESOLUTION TO AUTHORIZE A CONTRACT WITH THE AUDITOR OF THE STATE OF OHIO FOR FINANCIAL STATEMENT AUDITS FOR THE YEAR 2017.

WHEREAS, the City is required to have its annual financial statements audited in accordance with accounting principles generally accepted in the United States and needs this to be done for the year ending December 31, 2017, which services can be provided pursuant to the letter agreement from the Auditor of State attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Richmond Heights, State of Ohio, that:

Section 1: The Mayor is authorized to execute the letter agreement attached hereto as Exhibit A with the Auditor of the State of Ohio for the services set forth therein in a total amount not to exceed \$28,700.00, and any additional work which would require an expenditure of funds above the \$28,700.00 shall be approved by this Council.

Section 2: If necessary, the Director of Finance is authorized and directed to appropriate to a proper account the funds necessary for the agreement authorized in Section 1 of this Resolution.

Section 3: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 4: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

## EXHIBIT A



# Dave Yost • Auditor of State

March 15, 2018

James Teknipp, Finance Director  
City of Richmond Heights

This letter of arrangement between the City of Richmond Heights (the City) and the Auditor of State describes the objective and scope of the services we will provide, the City's required involvement and assistance in support of our services, the related fee arrangements, and other terms and conditions designed to ensure that our professional services satisfy the City's audit requirements.

### Summary of Services

We will audit the City's basic financial statements as of and for the year ended December 31, 2017. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. The objective of an audit is to express our opinion concerning whether the basic financial statements and related notes present fairly, in all material respects, the City's financial position, changes in financial position, and required budgetary comparisons, in conformity with U.S. generally accepted accounting principles.

We expect to deliver our report on or about October 1, 2018.

We will audit to form an opinion on the basic financial statements. We will also opine on whether supplementary information is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

We will apply certain limited procedures to required supplementary information. However, we will not opine or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

### Engagement Team

The engagement will be led by:

- \* Dan Stuetzer, Chief Auditor, who will be responsible for assuring the overall quality, value, and timeliness of our services to you;
- \* Matthew Goldman, Senior Audit Manager, who will be responsible for managing the delivery of our services to you; and
- \* Kyle Kiffer, Audit Manager, who will be responsible for on-site administration of our services to you.

### The Auditing Process

#### Our Responsibilities:

The *Summary of Services* above describes our responsibilities for the City's basic statements and other financial information.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

We will conduct our audit in accordance with U.S. generally accepted auditing standards (GAAS) and the Comptroller General of the United States' standards for financial audits included in *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure that the financial statements are free of material misstatement.

Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatement may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We may limit certain procedures to selective testing of data. Therefore we might not detect material error and fraud if it exists. It is not cost-efficient to design procedures to detect immaterial error or immaterial fraud. Also, because of the characteristics of fraud, including attempts at concealment through collusion and forgery, a properly designed and executed audit may not detect a material fraud.

We will communicate all instances where we believe fraud *may* exist to you. These would include instances where we:

- Have persuasive evidence that fraud occurred.
- Determined fraud risks exist and were unable to obtain convincing evidence to determine that fraud was unlikely.

Similarly, noncompliance may have occurred. However, our audit provides no assurance that noncompliance generally will be detected and only reasonable assurance that we will detect noncompliance directly and materially affecting the determination of financial statement amounts. We will inform you regarding material error or noncompliance that come to our attention.

If we find indications of abuse, we will expand our tests to determine its financial statement effect. *Government Auditing Standards* defines *abuse* as behavior which while not necessarily a legal violation, is behavior a prudent person would deem improper or deficient. Because this determination is subjective, *Government Auditing Standards* does not expect auditors to provide reasonable assurance of detecting abuse.

If for any reason we are unable to complete the audit or are unable to form an opinion, we may disclaim an opinion on your financial statements. In this unlikely event, we will communicate the reason for disclaiming an opinion to you, and to those charged with governance, in writing.

*Your Responsibilities and Identification of the Applicable Reporting Framework:*

We will audit assuming that management and those charged with governance acknowledge and understand they are responsible for:

1. Preparing the financial statements and other financial information, including related disclosures and selecting and applying accounting principles in accordance with accounting principles generally accepted in the United States of America.
2. Providing us with:
  - a. Access to all information of which management is aware that is relevant to preparing and fairly presenting the financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the audit; and
  - c. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.

3. Inform us of events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements.
4. Preparing supplementary information in accordance with the applicable criteria.
  - a. Include our report on the supplementary information in any document that includes the supplementary information and that indicates that the auditor has reported on this supplementary information.
  - b. Present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the City of the supplementary information and the auditor's report thereon.
5. Reporting fraud and noncompliance of which you are aware to us.
6. Making available to the auditor draft financial statements and any accompanying other information in time to allow the auditor to complete the audit in accordance with the proposed timeline.
7. Reviewing drafts of the audited financial statements, footnotes, any supplemental information, auditor's reports and any findings; and informing us of any edits you believe may be necessary.
8. Designing and implementing programs and controls to prevent and detect fraud.

***You should not rely on our audit as your primary means of detecting fraud.***

#### **Compliance with Laws and Regulations**

##### Our Responsibilities

As part of reasonably assuring whether the financial statements are free of material misstatement, we will test the City's compliance with certain provisions of laws, regulations, contracts, and grants if noncompliance might reasonably directly and materially affect the financial statements. However, our objective is not to opine on overall compliance with these provisions.

##### Your Responsibilities:

Management and those charged with governance are responsible for:

1. Being knowledgeable of, and complying with, laws, regulations, contracts, and grants applicable to the City.
2. Identifying for us other financial audits, attestation engagements, performance audits, internal audits, reports from regulators or other studies related to the City (if any), and the corrective actions taken to address these audits' significant findings and recommendations.
3. Tracking the status of prior audit findings.
4. Taking timely and appropriate steps to remedy fraud, noncompliance, violations of provisions of laws, regulations, contracts or grant agreements, or abuse we may report.

5. Providing your views and planned corrective action on audit findings we may report.

**Internal Control**

Our Responsibilities:

As a part of our audit, we will obtain an understanding of your City and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses.

In assessing risk, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of opining on the effectiveness of the City's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

Your Responsibilities:

Design, implement and maintain internal control relevant to compliance and the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error. Appropriate supervisory reviews are necessary to reasonably assure that adopted policies and prescribed procedures are followed.

Your Responsibility for Service Organizations:

Service organizations are other governmental entities, organizations, or companies that provide services to you, as the user City, relevant to your internal controls over financial reporting. Service organizations process transactions reflected in your City's financial statements, and therefore fall within the scope of our audit. While service organizations are responsible for establishing and maintaining their internal control, you are responsible for being aware of the service organizations your City uses, and for establishing controls to monitor the service organization's performance. Because the complexity of service organization transaction processing can vary considerably, your monitoring activities can vary accordingly.

When transaction processing is complex and the volume of transactions is relatively high, obtaining and reviewing a service organization auditor's *Independent Service Auditor's Report on Management's Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls Report* (Type 2 Service Organization Control Report (SOC 1)) may be the most effective method of meeting your responsibility to monitor a service organization, and may also be the only efficient means by which we can obtain sufficient evidence regarding their internal controls. AT Section 801, *Reporting on Controls at a Service Organization* for service organization reports dated prior to May 1, 2017 and AT-C Section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting* for service organization reports dated on or after May 1, 2017 discuss the aforementioned report. (In some circumstances, we can accept a suitably-designed agreed-upon procedures report (AUP) in lieu of a SOC 1 report.)

**You are responsible for informing our staff of the service organizations your City uses, and for monitoring these service organizations' performance.**

Service organizations of which we are aware are:

- Cuyahoga County, which processes your City's property tax collections;
- Regional Income Tax Agency, which processes your City's income tax collections; and
- Life Force Management, which processes your City's emergency medical service fee collections.

Please confirm to us that, to the best of your knowledge, the above listing is complete.

#### **Representations from Management**

##### Your Responsibilities

Upon concluding our engagement, management and, when appropriate, those charged with governance will provide to us written representations about the audit that, among other things, will confirm, to the best of their knowledge and belief:

- Management's responsibility for preparing the financial statements in conformity with generally accepted accounting principles;
- The availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings;
- Management's responsibility for the City's compliance with laws and regulations;
- The identification and disclosure to the auditor of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and;
- The absence of fraud involving management or employees with significant roles in internal control.

Additionally, we will request representations, as applicable, regarding:

- The inclusion of all components, and the disclosure of all joint ventures and other related organizations;
- The proper classification of funds, net position and fund balances;
- The proper approval of reserves of fund equity;
- Compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws or ordinances; compliance with any tax or debt limits, and any debt covenants;
- Representations relative to GASB-required supplementary information;
- The identification of all federal assistance programs, and compliance with grant requirements.
- Events occurring subsequent to the fiscal year end requiring adjustment to or disclosure in the financial statements.

Management is responsible for adjusting the financial statements to correct misstatements we may detect during our audit and for affirming to us in the representation letter that the effects of any uncorrected misstatements we aggregate during our engagement and pertaining to the latest period the statements present are immaterial, both individually and in the aggregate, to the opinion units. (*Financial statements include the related footnotes and required and other supplemental information*).

#### **Communication**

##### Our Responsibilities

As part of this engagement the Auditor of State will communicate certain additional matters (if applicable) to the appropriate members of management and to those charged with governance. These matters include:

- The initial selection of and changes in significant accounting policies and their application;
- The process management uses to formulate particularly sensitive accounting estimates and the basis for their conclusions regarding the reasonableness of those estimates;
- Audit adjustments, whether posted or waived;

- Any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our opinion;
- Our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters;
- Major issues that were discussed with management related to retaining our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and
- Serious difficulties we encountered in dealing with management during the audit.

We will present those charged with governance our Summary of Unadjusted Differences (if any) at the conclusion of our audit.

#### **Terms and Conditions Supporting Fee**

As a result of our planning process, the City and the Auditor of State have agreed to an approach designed to meet the City's objectives for an agreed-upon fee, subject to the following conditions.

##### Our Responsibilities:

In providing our services, we will consult with the City regarding matters of accounting, financial reporting or other significant business issues. Accordingly, our fee includes estimated time necessary for this consultation. Circumstances may require the Auditor of State to confirm balances with your financial institution resulting in additional nominal charges which will not require an amendment to this agreement. However, should a matter require research, consultation or audit work beyond this estimate, the Auditor of State and the City will agree to an appropriate revision in services and fee. These revisions will also be set forth in the form of the attached *Amendment to Letter of Arrangement*.

##### Your Responsibilities:

The City will provide in a timely manner all financial records and related information to us, an initial list of which has been furnished to you, including timely communication of all significant accounting and financial reporting matters, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. When and if for any reason the City is unable to provide these schedules, information and assistance, the Auditor of State and the City will mutually revise the fee to reflect additional services, if any, we require to achieve these objectives. These revisions will be set forth in the form of the attached *Amendment to Letter of Arrangement*.

##### Confidential Information:

You should make every attempt to minimize or eliminate the transmission of personal information to the Auditor of State (AOS). All documents you provide to the AOS in connection with our services including financial records and reports, payroll records, employee rosters, health and medical records, tax records, etc. should be redacted of any personal information. Personal information includes social security numbers, date of birth, drivers' license numbers or financial institution account numbers associated with an individual. The public office should redact all personal information from electronic records before they are transmitted to the AOS. This information should be fully blacked out in all paper documents prior to sending to the AOS. If personal information cannot be redacted from any records or documents; the public office must identify these records to the AOS.

If redacting this personal information compromises the audit or the ability to prepare financial statements, the public office and the AOS will consider these exceptions on a case-by-case basis. Additionally, if redacting this information creates a hardship on the public office in terms of resources, recordkeeping or other issues, the public office and the AOS may collaborate on alternative methods of providing the public office's data to the AOS without compromising the personal information of individuals served by the public office. The AOS is willing to work with the public office and it is our intent to greatly reduce the amount of personal information submitted to the AOS for audit or financial statement preparation purposes. It is important that the public office review internal policies to find ways to eliminate as much personal information from financial records as possible by substituting non-personal information (i.e., change social security numbers to employee identification numbers).

**Fee**

Except for any changes in fees and expenses which may result from the circumstances described above, we expect our fees and expenses for our audit services will not exceed \$28,700.

Pursuant to Ohio Rev. Code Section 117.13, you may charge all of this audit's cost to the general fund or you may allocate the cost among the general fund and other eligible funds.

**Reporting**

We will issue a written report upon completing our audit of your financial statements. We will address our report to those charged with governance. We cannot assure you that we will issue an unmodified opinion. Circumstances may arise in which it is necessary for us to modify our opinion, add an other matters or emphasis-of-matter paragraph or withdraw from the engagement.

Upon completing our audit, we will also issue a written report in accordance with Government Auditing Standards on internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

**Access to Our Reports and Working Papers**

AU-C 905—*Alert That Restricts the Use of the Auditor's Written Communication* requires our reports to disclose the following:

*Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards:*

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

AU-C 905 requires us to include this restrictive language in our reports due to concerns that other readers may not fully understand the purpose of the report, the nature of the procedures applied in its preparation, the basis or assumptions used in its preparation, the extent to which the procedures performed are generally known or understood, and the potential for the report to be misunderstood, when taken out of the context for which it was intended.

However, under Revised Code Section 117.26, an audit report becomes a public record under Section 149.43, Revised Code, when we file copies of the report with the public officers enumerated in the Revised Code. When we file the reports, our working papers become available to the public upon request, subject to information protected for criminal investigations, by attorney-client privilege or by local, state or federal law. AU-C 905 does not affect public access to our reports or working papers.

Under generally accepted auditing standards, we must retain working papers for five years after the release date of our opinion. However, AOS policy requires we retain working papers for seven years or longer, as needed.

**Peer Review Report**

As required by *Government Auditing Standards*, we have made our most recent external quality control review report (Peer Review) publicly available, at <https://ohioauditor.gov/publications/15nsas.pdf>. Audit organizations can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. The Auditor of State received a peer review rating of *pass*.

Please sign and return this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If you have any questions, please call Matthew Goldman at 216-787-3665.

Very truly yours,

Dave Yost  
Auditor of State of Ohio



Dan Stuetzer, Chief Auditor

Attachment

cc: City Council  
David Roche, Mayor

ACCEPTED BY \_\_\_\_\_

DATE \_\_\_\_\_

TITLE \_\_\_\_\_

**SAMPLE**  
**AMENDMENT #\_\_\_ TO LETTER OF ARRANGEMENT**

[Date]

[ENGAGEMENT LETTER ADDRESSEE]

Dear \_\_\_\_\_:

The letter of arrangement dated \_\_\_\_\_ between the Auditor of State and the City is hereby amended to reflect the following:

<u>Description of / Causes for Amendment</u>	<u>Estimated Fee Effect</u>
1	
2	
3	
4	
Total this amendment	<u>\$0.00</u>
Previous fee estimate	<u>          </u>
Revised fee estimate	<u>\$0.00</u>

Please sign the copy of this letter in the space provided and return it to us. If you should have any questions, please call \_\_\_\_\_ at \_\_\_\_\_.

Very truly yours,

**Dave Yost**  
Auditor of State of Ohio

(Name), Chief Auditor

cc: [Engagement Letter cc's]

\_\_\_\_\_  
ACCEPTED BY

\_\_\_\_\_  
DATE

\_\_\_\_\_  
TITLE

RESOLUTION NO.: 48 -2018  
INTRODUCED BY: Ursu

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH O'REILLY EQUIPMENT, LLC FOR THE PURCHASE OF A UTILITY TRAILER FOR THE SERVICE DEPARTMENT.

WHEREAS, the Director of Public Service and Properties has advised this Council that the Service Department is in need of a utility trailer; and

WHEREAS, the Director of Public Service and Properties has obtained a quote from O'Reilly Equipment, LLC for the purchase of a utility trailer for the Service Department in an amount not to exceed One Thousand Eight Hundred Dollars (\$1,800.00); and

WHEREAS, Council's Finance Committee recommends that Council authorize the Mayor to enter into an agreement with O'Reilly Equipment, LLC for the purchase of a utility trailer for the Service Department in an amount not to exceed One Thousand Eight Hundred Dollars (\$1,800.00).

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Richmond Heights, State of Ohio, that:

Section 1: The Mayor is authorized to enter into an agreement with O'Reilly Equipment, LLC for the purchase of a utility trailer for the Service Department in an amount not to exceed One Thousand Eight Hundred Dollars (\$1,800.00).

Section 2: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

RESOLUTION NO.: 49 -2018  
INTRODUCED BY: Lentine

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH HASTINGS AIR ENERGY CONTROL, INC. FOR THE PURCHASE AND INSTALLATION OF A SOURCE CAPTURE EXHAUST EXTRACTION SYSTEM FOR THE DIVISION OF FIRE.

WHEREAS, the Chief of Fire has advised this Council that the Division of Fire is in need of a Source Capture Exhaust Extraction System in the apparatus bay of the fire station for the Division of Fire; and

WHEREAS, the Chief of Fire has received a quote from Hastings Air Energy Control, Inc. for the purchase and installation of a Source Capture Exhaust Extraction System in an amount not to exceed \$70,000; and

WHEREAS, the City has received a U.S. Department of Homeland Security "Assistance to Firefighters Grant" in the amount of \$80,000 for this purchase and which grant requires a 5% matching funds amount of \$3,809.00 which will be paid by Cuyahoga County Public Safety & Justice Services; and

WHEREAS, Council's Safety Committee and Finance Committee have reviewed the need for this purchase and recommend the same to Council.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Richmond Heights, State of Ohio, that:

Section 1: The Mayor is authorized to enter into a purchase agreement with Hastings Air Energy Control, Inc., 5555 S. Westridge Dr., New Berlin, Wisconsin 53151, for the purchase and installation of a Source Capture Exhaust Extraction System, as set forth above, for a total cost not to exceed \$70,000.00.

Section 2: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

RESOLUTION NO.: 50 -2018  
INTRODUCED BY: Ursu

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH BAIN ENTERPRISES, LLC FOR THE PURCHASE OF BARRICADE WARNING SIGNS.

WHEREAS, the Director of Public Service and Properties has obtained a quote from Bain Enterprises, LLC for barricade warning signs to be used on City streets in an amount not to exceed Three Thousand Eight Hundred Dollars (\$3,800.00); and

WHEREAS, Council's Finance Committee recommends that Council authorize the Mayor to enter into an agreement with Bain Enterprises, LLC for the purchase of barricade warning signs in an amount not to exceed Three Thousand Eight Hundred Dollars (\$3,800.00).

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Richmond Heights, State of Ohio, that:

Section 1: The Mayor is authorized to enter into an agreement with Bain Enterprises, LLC for the purchase of barricade warning signs in an amount not to exceed Three Thousand Eight Hundred Dollars (\$3,800.00).

Section 2: If an appropriation is necessary, the Director of Finance is authorized and directed to appropriate to a proper account a sum sufficient to cover the cost of the agreement referred to in Section 1 above.

Section 3: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 4: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council

RESOLUTION NO.: 51-2018  
INTRODUCED BY: Cotton-Henry

**A RESOLUTION ADOPTING A DISASTER RECOVERY PLAN  
FOR THE CITY OF RICHMOND HEIGHTS.**

WHEREAS, the State Auditor has recommended that local governments in Ohio adopt a disaster recovery plan and update it on a periodic basis, the purpose of such a plan being to ensure continuity of the local government's business following a catastrophic event - - e.g., a natural disaster, acts of terror, fire, water main break, power outage, bomb threats, labor strikes, mass protests, pandemics, etc.;

WHEREAS, if the City is subjected to a catastrophic event the costs can be crippling and the Mayor, first responders, and other City officials will need to continue City operations at an effective level to meet the City's responsibilities to its citizens and employees;

WHEREAS, the Council President and the City's administration have developed a "Disaster Recovery Plan" for the City Council's review and consideration for adoption.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND HEIGHTS, STATE OF OHIO, THAT:

Section 1: This Council hereby adopts a "Disaster Recovery Plan", dated April 17, 2018, and on file with the Clerk of Council and the Mayor's Office.

Section 2: It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: This Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: \_\_\_\_\_

\_\_\_\_\_  
David H. Roche, Mayor

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Betsy Traben  
Clerk of Council

\_\_\_\_\_  
Eloise Cotton-Henry  
President of Council