

A RESOLUTION NO.: 112-2014
INTRODUCED BY: O'TOOLE

A RESOLUTION TO AUTHORIZE THE MAYOR TO ENTER INTO AN AGREEMENT WITH JAMES G. ZUPKA, C.P.A., INC. FOR CAPITAL ASSET PROJECT SERVICES; AND DECLARING AN EMERGENCY.

WHEREAS, the City requires the services of a financial professional to prepare capital assets and depreciation schedules; and

WHEREAS, James G. Zupka, C.P.A., Inc. has provided a proposal to perform the capital asset project services at an amount not to exceed Seven Dollars (\$7,000.00).

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

Section 1: The Mayor is authorized to enter into an agreement with James G. Zupka, C.P.A., Inc., for capital asset project services, as outlined in the proposed agreement attached hereto as Exhibit "A" and incorporated herein fully as if by reference for an amount not to exceed Seven Thousand Dollars (\$7,000.00).

Section 2: The Director of Finance is authorized to appropriate to a proper account the funds necessary for the agreement authorized by Section 1 of this Resolution.

Section 3: It is found and determined that all formal actions of this Council concerning and relation 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 is declared to be an emergency measure immediately necessary for the preservation of public health, safety and general welfare, and for further reason that it is immediately necessary for the City to enter into this agreement to provide for the required capital asset project services, the need for which is as specified in findings by the Auditor of State; therefore, it shall take effect and be in force immediately upon its passage and approval by the Mayor.

PASSED: _____, 2014

David H. Roche, Mayor

APPROVED: _____, 2014

ATTEST: _____
Betsy Traben
Clerk of Council

Eloise Cotton-Henry
President of Council

“EXHIBIT A”

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

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

October 10, 2014

Mayor David Roche
City of Richmond Heights
26789 Highland Road
Richmond Heights, Ohio

Mr. Mitchell Michalec
Acting Finance Director
26789 Highland Road
Richmond Heights, Ohio

Dear Mr. Michalec:

This letter confirms our recent discussion regarding professional accounting services our firm can provide the City of Richmond Heights, Ohio. We will perform the following accounting services for the years December 31, 2013 through December 31, 2014:

We will assist the City in the preparation of the capital assets and depreciation schedules by doing the following:

We will review the current capital asset policies and procedures that address the acquisition, use, control protection, maintenance and disposal of assets. We will amend the current policy for any items not noted in the current policy.

The City's depreciation amounts have not changed for assets dated 2004 and earlier, therefore, we will calculate and update depreciation expense and accumulated depreciation for the City's capital assets with book value of \$7,500 or more by asset class (i.e. land, building, equipment) through December 31, 2013.

We will perform a physical inventory of assets with book value \$7,500 or more through December 31, 2014 and placement of tags for fixtures and equipment as necessary.

Show and correct the inconsistencies associated with the useful lives used within the same class of capital assets in the City's depreciation schedules. Eliminate all inconsistencies in the capital asset listing.

We will compile Construction in Progress, and analyze retainage payable with the City's Engineer's assistance.

Review the current control procedures for assets with book value less than \$7,500. Implement procedure to strengthen control over those assets.

Based on the above issues, the City may be over-depreciating assets dated 2004 and earlier. Depreciation amounts are not being calculated correctly since there were formula errors contained in the Excel spreadsheets used to account for additions/depreciation. Assets are being added that shouldn't be based on the City's capitalization threshold. Useful lives used may be consistent within the same asset class.

We wish to emphasize that our services do not include an audit of the financial statements in accordance with generally accepted auditing standards, nor an expression of opinion as to their fair presentation. Further, our services are not specifically designed and cannot be relied upon to disclose defalcations or other irregularities although, if present, their discovery may result.

Mr David Roche and Mr. Mitchell Michalec, Acting Finance Director
City of Richmond Heights
October 10, 2014
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This engagement will commence December 2014. Our fees for these services will not exceed \$7,000.

Should services other than those covered by this letter be required or requested, their extent and the additional fees will be discussed before we perform the work.

We shall be pleased to discuss this letter with you at any time and to explain the reasons for any item. We appreciate this opportunity to respond to your request for accounting services and we are looking forward to our continued business relationship.

If the terms above are acceptable to the City of Richmond Heights, Ohio and the services outlined are in accordance with the City's requirements, please sign the copy of this letter in the space provided and return it to us.

Sincerely,


James G. Zupka
Certified Public Accountant

Accepted by the City of Richmond Heights, Ohio

BY _____

TITLE _____

DATE _____