

RESOLUTION NO.: 92 -2020
INTRODUCED BY: Ursu

A RESOLUTION TO AUTHORIZE THE MAYOR TO ENTER INTO AN AGREEMENT WITH JAMES G. ZUPKA, C.P.A., INC. FOR FINANCIAL DATA CONVERSION (GAAP) SERVICES.

WHEREAS, the City requires the services of a financial professional to perform the appropriate conversion (GAAP) of its financial data for fiscal years 2020, 2021, 2022 and 2023, in preparation for the City's financial audits and as required by the Auditor of State;

WHEREAS, James G. Zupka, C.P.A., Inc. has provided a proposal to perform the financial data conversion (GAAP) services in an amount not to exceed Fifteen Thousand Forty Dollars (\$15,040.00) for fiscal year 2020, and in an amount not to exceed Fifteen Thousand Two Hundred Dollars (\$15,200.00) for each of fiscal years 2021, 2022 and 2023.

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

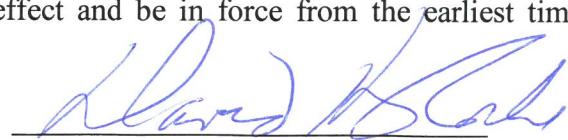
Section 1: The Mayor is authorized to enter into an agreement with James G. Zupka, C.P.A., Inc., for financial data conversion (GAAP) services, as outlined in the proposed agreement attached hereto as Exhibit "A" and incorporated herein fully as if by reference in an amount not to exceed Fifteen Thousand Forty Dollars (\$15,040.00) for fiscal year 2020, and in an amount not to exceed Fifteen Thousand Two Hundred Dollars (\$15,200.00) for each of fiscal years 2021, 2022 and 2023.

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 shall take effect and be in force from the earliest time provided by law.

PASSED: 10-27-20


David H. Roche, Mayor

APPROVED: 10-27-20

ATTEST: Betsy Traben
Betsy Traben
Clerk of Council

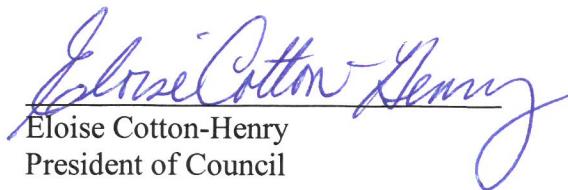

Eloise Cotton-Henry
President of Council

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

September 14, 2020

Mr. James Teknipp
Finance Director
City of Richmond Heights
26789 Highland Road
Richmond Heights, Ohio 44143

Dear Mr. Teknipp:

You have requested that we will assist with the preparation of the annual financial statements of the City of Richmond Heights which will comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and cash flows, for the years ended December 31, 2020, 2021, 2022, and 2023, and the related notes to the financial statements, and perform a compilation engagement with respect to those financial statements.

Our Responsibilities

The objective of our engagement is to assist with the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you and will apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with the Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care when preparing the financial statements and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statements misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the City or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuring management responsibilities.

Mr. James Teknipp, Finance Director
City of Richmond Heights
September 14, 2020
Page 2

1. We will review the Management's Discussion and Analysis which will include the following components:
 - a. Description of the basic financial statements
 - b. Provision of condensed government-wide financial information in the form of condensed financial statements
 - c. Analysis of the overall financial position and results of operations for governmental activities
 - d. Discussion of significant transactions and changes in individual funds
 - e. Discussion of what happened with the budget this year
 - f. Description of capital assets and long-term debt activity during the year
 - g. Description of what happened to infrastructure assets
 - h. Description of any currently known facts, decisions, or conditions that are expected to have a significant effect on next year and beyond
2. We will assist with the preparation of the two types of basic financial statements: government-wide statements and fund financial statements. In relation to these statements, the following areas will be addressed:

Assets and Deferred Outflows

- a. Distinction between government-wide and fund financial statements
- b. Identification and reporting of capital assets, including infrastructure assets - with client assistance

Liabilities and Deferred Inflows

- a. Distinction between government-wide and fund financial statement
- b. Review of client prepared accounts payable and accrued liabilities by fund/function
- c. Review of client prepared encumbrances at year-end by fund

Net Position and Fund Balance

We will assist with the preparation of the following components:

- a. Distinction between government-wide and fund financial statements
- b. Conversion of fund balances to the three components of net position required for government-wide reporting.
 1. Net Investment in capital assets
 2. Restricted
 3. Unrestricted

Revenues

Assist in the identification and reporting of revenues as program revenues and general revenues

2. (Continued)

Expenditures/Expenses

We will assist with the preparation of the following schedules:

- a. Identification and reporting of expenditures/expenses by function/program
- b. Identification and reporting of indirect expenditures/expenses, if applicable
- c. We will assist with the preparation of budgetary comparison statements to include both the original and final budgets for the general and major special revenue funds

Fund Financial Statements

- a. Identification and reporting of major and nonmajor funds for financial statement presentation
- b. Reconciliation of governmental fund financial statements to governmental entity-wide statements

Footnote Disclosures

We will assist with updating footnote disclosures as deemed necessary

3. We will request the following from the City:

- a. Cash activity reports by fund and function (revenues/expenses and Statement of Cash Position)
- b. Receipt and expenditure detail ledgers for January and February of subsequent year
- c. Bank statements and reconciliations
- d. Investment policy, if modified
- e. Detail to create income tax receivables and special assessment receivables
- f. Additional accounts receivable/accounts payable listings (charges for services, fees, licenses, and permits and fines and forfeitures)
- g. Inventory counts as of year end and related costs
- h. Open purchase order report by fund function
- i. Prepays (insurance, etc.)
- j. Capital asset and Construction in Process reports along with additions and deletions detail for fiscal year
- k. Debt amortization schedules, along with any new debt for each fiscal year and capital leases
- l. All certificates of estimated resources for each year
- m. All appropriation measures for each year
- n. Payroll reports at end of year and during January of subsequent year to get accrued wages
- o. OPERS and OP&F statements confirming employer payments made during the year and the subsequent period.
- p. Bureau of Workers' Compensation payments made annually
- q. Sick and vacation balances and related rates at year-end to create compensated absences liability and related expense
- r. Sick and vacation policies
- s. Confirmations for County auditors, OPERS, OP&F, and RITA
- t. Retiree payout information for the reporting period subsequent to year-end

The following information will be needed from your auditors: Adjusting journal entries.

Mr. James Teknipp, Finance Director
City of Richmond Heights
September 14, 2020
Page 4

Your Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
2. The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America, if applicable.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
4. The prevention and detection of fraud.
5. To ensure that the entity complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with -
 - Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that we may request from you for the purpose of the compilation engagement.
 - Unrestricted access to persons within the City of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designing an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

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 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. James Teknipp, Finance Director
City of Richmond Heights
September 14, 2020
Page 5

Our proposed fees are based on the level of services we provide to your City. The following estimate was prepared based on our recent conversation and assumes information and documents we discussed will be provided by your staff.

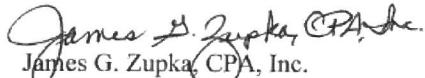
Our fee for assistance with the preparation of the basic financial statement services will be based on the amount of time required for such services. We have listed detailed information regarding hours and fees in the attachment. We will invoice only for the hours incurred on this engagement. Should we encounter circumstances that would increase the estimated hours, we will advise you and the increased hours would be agreed to by both parties prior to any changes and billed at the hourly rate on the next page. We will complete the basic financial statements by May 30 for each year of this contract.

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 establishing a solid professional relationship.

If the terms above are acceptable to the City of Richmond Heights 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, CPA, Inc.
Certified Public Accountants

Accepted by the City of Richmond Heights

By _____

Title _____

Date _____

SCHEDULE OF FEES

The following lists the anticipated hours and hourly rate to accomplish the proposed accounting services for the City of Richmond Heights for the years ended December 31, 2020, 2021, 2022, and 2023.

Staff	2020	2021 *	2022	2023
Partner	25	20	20	20
Manager	30	25	25	25
Senior	90	100	100	100
Staff Accountant	15	15	15	15
Total Hours	160	160	160	160
Hourly Rate	\$ 94	\$ 95	\$ 95	\$ 95
Project Total	<u>\$ 15,040</u>	<u>\$ 15,200</u>	<u>\$ 15,200</u>	<u>\$ 15,200</u>

* Includes implementation of GASB Statement No. 87, *Leases*

The above fees include the following services:

- Implementation of new GASB Statements
- Annual filing of the GAAP financial statements into the Auditor of State's Hinkle System