

RESOLUTION NO.: 22-2009
INTRODUCED BY: ALEXANDER

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO
AGREEMENTS WITH CIUNI & PANICHI, INC. FOR NECESSARY
ACCOUNTANT SERVICES.**

WHEREAS, the City is in need of professional assistance from an accounting firm for conversion to accounting principles generally accepted in the United States for the December 31, 2008 financial statements of the City and to develop journal entries and related workpapers that will convert the December 31, 2008 generally accepted accounting principle financial statements of the City to a reporting model in conformance with general accounting principles, all as set forth in the two letter agreements attached to this Resolution as Exhibits A and B; and

WHEREAS, Ciuni & Panichi, Inc. have the experience to perform this municipal accounting work;

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 agreements with Ciuni & Panichi, Inc. for accounting services in an amount not to exceed \$18,450.00.

Section 2. The Director of Finance is authorized and directed to appropriate to a proper account the funds necessary for the agreements 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: _____

Daniel J. Ursu, Mayor

APPROVED: _____

ATTEST: _____

Betsy Traben
Clerk of Council

David H. Roche
President of Council

EXHIBIT A



March 26, 2009

Ms. Lynda Rossiter
Director of Finance
City of Richmond Heights
457 Richmond Road
Richmond Heights, Ohio 44143

This will confirm our understanding of the arrangements for the conversion to accounting principles generally accepted in the United States of America (U.S. GAAP) of the December 31, 2008 balance sheet of the City of Richmond Heights, Ohio.

We will assist in the conversion of the December 31, 2008 cash basis financial statements of the City to the accrual basis necessary in order to conform to GAAP. We will issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a compilation does not provide a basis for expressing any level of assurance on the financial statements being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

 **C&P Advisors, LLC**
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122-5683
p. 216.831.7171
f. 216.831.3020
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You are responsible for making management decisions and performing management functions, and for designating an individual with suitable skill, knowledge, or experience to oversee the compilation services we provide. You are responsible for evaluating the adequacy and results of the compilation services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Rhonda Hall is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

During the term of this engagement and for a period of 12 months after an employee or contractor of Ciuni & Panichi, Inc. has completed performance of services under this engagement letter, the City will not directly or indirectly contract with, or solicit to employ (or cause to be solicited for the purpose of employment), the employees and contractors of Ciuni & Panichi, Inc. providing services hereunder. In the event the City fails to comply with its obligation(s) under this paragraph, Ciuni & Panichi, Inc. reserves the right to seek damages resulting from violation of this paragraph, including liquidated damages, and not as a penalty, the compensation paid by Ciuni & Panichi, Inc. to said employee or contractor during the three months preceding the City breach.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to you.

Our fee will be based upon actual hours to complete the project, with a total fee not to exceed \$10,600 for December 31, 2008. The fee is based on anticipated cooperation from your personnel, specifically, the completion of the required information outlined in the prepared by client list, and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new estimate before we incur the additional costs. Billings will be rendered as work progresses so you may readily relate our charges to the work performed. Each invoice will be payable on receipt. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until current status is reached. Amounts due after 60 days will become subject to a 1.5% monthly interest charge, which will be added to the existing outstanding balance.

The parties shall attempt in good faith to resolve any dispute arising out of or relating to the engagement, including any dispute over invoiced amounts, promptly by negotiations between executives who have authority to settle the controversy. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within twenty days of the delivery of said notice, executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within thirty days of the disputing party's notice, or if the parties fail to meet within twenty days, either party may initiate mediation of the controversy or claim as provided herein.

If the dispute has not been resolved by negotiation as provided above, the parties shall endeavor to settle the dispute by mediation under the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes. The neutral third party will be selected from the CPR panel of neutrals within twenty days of the initiation of the mediation process. If the parties encounter difficulty in agreeing on a neutral, they will seek the assistance of the CPR in the selection process. The mediation shall occur at the time and place selected by the mediator.

Ms. Lynda Rossiter
City of Richmond Heights

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March 26, 2009

In the event mediation does not resolve the dispute, the parties may pursue their respective legal remedies.

This engagement would not include any services not specifically stated in this letter. Additional services, which you may request, would be subject to separate arrangements.

To acknowledge that the above services and terms are as agreed and are acceptable to you, please sign one copy of this letter and return it to us in the enclosed envelope.

We appreciate the opportunity to be of service to you and shall be glad to discuss this letter with you at any time.

Very truly yours,

Ciuni & Panichi, Inc.

CIUNI & PANICHI, INC.

The services described in the foregoing letter are in accordance with our requirements, and the terms described in the letter are acceptable to us and are hereby agreed to.

Signature

Title

City of Richmond Heights

Scope of Services GAAP Conversion

Ciuni & Panichi, Inc. will convert the financial statements of the City of Richmond Heights from cash-basis financial reporting to Accounting Principles Generally Accepted in the United States of America (GAAP) for the year ending December 31, 2008. This includes rolling forward the converted January 1 financial statements, recording the current years cash-basis financial data, reversing beginning balances, and then converting the December 31, 2008 balances to GAAP.

The first phase of the GAAP conversion entails:

- Identification of Audit Entity
- Fund Analysis; Fund Classification
- Client Representations and Confirmations
- General Procedures

The second phase of the GAAP conversion includes*:

- Cash
- Investments - Interest Receivable
- Prepaid Items
- Revenues, including General Government, Special Assessments, and Property Tax
- Accounts Payable, Encumbrances, Retainage Payable, Contracts Payable, and Capital Leases
- Payroll & Related Liabilities, including Accrued Wages, Accrued Pension, Accrued Sick Leave, Accrued Vacation, Accrued Compensatory Time, and Accrued Worker's Compensation
- Inventory
- Fixed Assets
- Debt Service, including Bonds/Notes Payable and Accrued Interest
- Fund Equities
- Trial Balance Preparation/Review
- Prepare Appropriate Budget vs. Actual Statements
- Financial Statement Preparation and Review

* The City will generate the working papers and journal entries for each section. The City will also enter the beginning revenue and expenditure balances into an Excel spreadsheet provided by Ciuni & Panichi, Inc.

EXHIBIT B



March 26, 2009

Ms. Lynda Rossiter
Finance Director
City of Richmond Heights
457 Richmond Road
Richmond Heights, OH 44143

This will confirm our understanding of the arrangements for the conversion of the City of Richmond Heights's financial statements to comply with GASB Statement No. 34, *Basic Financial Statements – and Management Analysis – for State and Local Governments*.

We will develop the journal entries and related workpapers that will convert the December 31, 2008 GAAP financial statements of the City to the GASB 34 reporting model in order to conform to GASB 34. See the attached schedule detailing areas to be completed.

Our fee will be based upon actual hours to complete the project, with a total fee not to exceed \$7,850 for December 31, 2008.

The parties shall attempt in good faith to resolve any dispute arising out of or relating to the engagement, including any dispute over invoiced amounts, promptly by negotiations between executives who have authority to settle the controversy. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within twenty days of the delivery of said notice, executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within thirty days of the disputing party's notice, or if the parties fail to meet within twenty days, either party may initiate mediation of the controversy or claim as provided herein.

If the dispute has not been resolved by negotiation as provided above, the parties shall endeavor to settle the dispute by mediation under the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes. The neutral third party will be selected from the CPR panel of neutrals within twenty days of the initiation of the mediation process. If the parties encounter difficulty in agreeing on a neutral, they will seek the assistance of the CPR in the selection process. The mediation shall occur at the time and place selected by the mediator.

In the event mediation does not resolve the dispute, the parties may pursue their respective legal remedies.

This engagement would not include any services not specifically stated in this letter. Additional services which you may request would be subject to separate arrangements.

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Ms. Lynda Rossiter

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March 26, 2009

To acknowledge that the above services and terms are as agreed and are acceptable to you, please sign one copy of this letter and return it to us.

We appreciate the opportunity to be of service to you and shall be glad to discuss this letter with you at any time.

Very truly yours,

Ciuni & Panichi, Inc.

CIUNI & PANICHI, INC.

The services described in the foregoing letter are in accordance with our requirements, and the terms described in the letter are acceptable to us and are hereby agreed to.

Signature

Title

City of Richmond Heights

Scope of Services GASB 34 Conversion

Ciuni & Panichi, Inc. will convert the GAAP financial statements of the City of Richmond Heights to meet the requirements of GASB 34's reporting model for the year ending December 31, 2008. This includes rolling forward the converted January 1 modified and full accrual basis financial statements, reversing those converted beginning balances, and then recording the December 31 full accrual balances for each year.

- We will provide a template of the Management Discussion and Analysis. It will be the City's responsibility to complete all required information. Our firm will insert the financial data.
- We will prepare the basic financial statements:
 - Government-wide financial statements, using the economic resources measurement focus and the accrual basis of accounting
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds
 - Notes to the financial statements
 - Required supplementary information, which requires budgetary comparison schedules to be presented
- Additionally, this statement requires the recording of infrastructure assets:
 - Working with the City's Engineering Department or an outside engineering firm, we will assist in recording the infrastructure assets at historical cost or estimated historical cost. Depreciation schedules and depreciation expense must be maintained and completed by the City.