

RESOLUTION NO.: 10 -2013
INTRODUCED BY: O'Toole

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH JAMES G. ZUPKA, C.P.A., INC. FOR NECESSARY ACCOUNTANT SERVICES.

WHEREAS, the City is in need of professional assistance from an accounting firm for preparation of the capital assets and depreciation schedules as required by the State Auditor's Office for 2011 and 2012, all as set forth in the letter agreement attached to this Resolution as Exhibit A; and

WHEREAS, James G. Zupka, C.P.A., Inc. has 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 an agreement with James G. Zupka, C.P.A., Inc. for accounting services in an amount not to exceed \$6,750.00 for the work set forth in the letter agreement attached hereto as Exhibit A and incorporated herein.

Section 2. 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: _____

Daniel J. Ursu, Mayor

APPROVED: _____

ATTEST: _____
Betsy Traben
Clerk of Council

David H. Roche
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

February 6, 2013

Paul Ellis, Finance Director
City of Richmond Heights
26789 Highland Road
Richmond Heights, Ohio

Dear Mr. Ellis:

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, 2011 through December 31, 2012:

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, 2012.

Assist the City with physical inventory of assets with book value \$7,500 or more through December 31, 2012.

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. Paul Ellis, Finance Director
City of Richmond Heights
February 4, 2013
Page 2

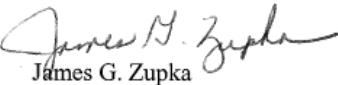
This engagement will commence February 7, 2013. Our fees for these services will not exceed \$6,750.

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 _____