

CITY OF STRONGSVILLE, OHIO

ORDINANCE NO. 2014 – 125

By: Mayor Perciak and Mr. Dooner

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH A FIRM OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS FOR PROFESSIONAL ACCOUNTING SERVICES TO PREPARE FINANCIAL STATEMENTS FOR THE CITY OF STRONGSVILLE FOR FISCAL YEARS 2014, 2015 AND 2016, WITHOUT PUBLIC BIDDING, AND DECLARING AN EMERGENCY.

WHEREAS, it is once again necessary for the City to arrange for professional preparation of financial statements (Comprehensive Annual Financial Report) in accordance with GASB Statement 34 public entity requirements under Ohio law; and

WHEREAS, a firm of independent certified public accountants, which has previously conducted audits of the books and records of the City of Strongsville and preparation of its financial statements, has now submitted a proposal to prepare only the financial statements of the City at competitive rates; and

WHEREAS, such firm is familiar with City records, procedures and processes which will facilitate efficient and timely preparation of annual financial statements and be advantageous to the City; and

WHEREAS, this Council recognizes and acknowledges that a contract with such a firm constitutes a "personal services" contract as that term is set out in Article V, §5(b) of the City Charter;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF STRONGSVILLE, COUNTY OF CUYAHOGA AND STATE OF OHIO, BY UNANIMOUS AFFIRMATIVE VOTE:

Section 1. That this Council finds and determines, as set out in Article V, §5 of the City Charter, that it is necessary and in the best interests of the City to enter into a personal services contract, without public bidding, with James G. Zupka C.P.A., Inc., in order to contract for professional accounting services to prepare required annual financial statements for the City of Strongsville on an efficient and timely basis in accordance with criteria mandated under Ohio law.

Section 2. That accordingly the Mayor be and is hereby authorized and directed to enter into an Agreement with **JAMES G. ZUPKA C.P.A., INC.**, a firm of independent Certified Public Accountants, for professional accounting services to prepare financial statements for the City of Strongsville for the fiscal years beginning January 1, 2014

and ending December 31, 2016, without public bidding, and in accordance with the Proposal attached hereto as Exhibit 1 and incorporated herein.

Section 3. That the funds for the purpose of such Agreement have been appropriated for the year 2014 and shall be paid from the General Fund, and shall be paid for subsequent years from the General Fund in accordance with future appropriation ordinances of Council.

Section 4. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance 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.

Section 5. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, property, health, safety and welfare of the City, and for the further reason that it is immediately necessary to arrange for preparation of the City's financial statements for 2014 and subsequent years, in order to remain in compliance with legal requirements of the State of Ohio. Therefore, provided this Ordinance receives the unanimous vote of all members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor.

Michael Daymut
President of Council

Approved: Thomas B. Ruud
Mayor

Date Passed: June 16, 2014

Date Approved: June 17, 2014

	<u>Yea</u>	<u>Nay</u>
Carbone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Daymut	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DeMio	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dooner	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maloney	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Schonhut	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Southworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Attest: Aimee Pientka
Clerk of Council

ORD. No. 2014-125 Amended: _____
 1st Rdg. 06-16-14 Ref: _____
 2nd Rdg. Suspended Ref: _____
 3rd Rdg. Suspended Ref: _____

Pub Hrg. _____ Ref: _____
 Adopted: 06-16-14 Defeated: _____

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

March 3, 2014

Mr. Joe Dubovec
Finance Director
City of Strongsville
18688 Royalton Road
Strongsville, Ohio 44136

Dear Mr. Dubovec:

This letter confirms our recent discussion regarding professional accounting services our firm can provide the City of Strongsville.

We will provide the following services to prepare the financial statements in accordance with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and all other GASB statements applicable to the preparation of the financial statements and CAFR for the years ended December 31, 2014, 2015, and 2016:

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 and business-type 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 of Resources

- a. Distinction between governmental and business-type activities
- b. Identification and reporting of capital assets, including infrastructure assets - with client assistance

Liabilities and Deferred Inflows of Resources

- a. Distinction between governmental and business-type activities
- b. Review of client prepared accounts payable and accrued liabilities by fund/function

Net Position

- a. Distinction between governmental and business-type activities
- b. Conversion of fund balances to the three components of net assets required for government-wide reporting
 1. Net Investments in capital assets
 2. Restricted
 3. Unrestricted

Revenues

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

Expenses

- a. Identification and reporting of expenses by function/program
- b. Identification and reporting of indirect expenses

Fund Financial Statements

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

Footnote Disclosures

- a. Modification of footnote disclosures as deemed necessary by any new GASB Statements
 - b. Summary of significant accounting policies
 - c. Preparation of statistical section as deemed necessary by GASB Statement No. 44
3. We will assist with the preparation of budgetary comparison schedules to include both the original and final budgets for all funds.

Mr. Joe Dubovec, Finance Director
City of Strongsville
March 3, 2014
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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.

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 preparation of the basic financial statement services will be based upon 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. We will complete the basic financial statements by May 30, 2014, 2015, and 2016.

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.

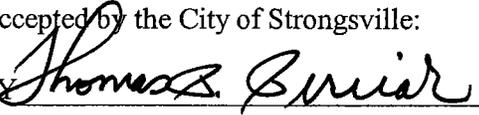
We shall be pleased to discuss this letter with you at any time and to explain the reasons for any item. We appreciate this opportunity to respond to your request for accounting services and we are looking forward to our continued business relationship.

If the terms above are acceptable to the City of Strongsville 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 Strongsville:

BY 

TITLE Mayor

DATE May 2, 2014

SCHEDULE OF FEES

The following lists the anticipated hours and hourly rate to accomplish the proposed accounting services and preparation of the CAFR for the City of Strongsville for 2014, 2015, and 2016.

<u>Staff</u>	<u>2014 Hours</u>	<u>2015 Hours</u>	<u>2016 Hours</u>
Partner	40	40	40
Manager	215	220	210
Staff Accountant	<u>80</u>	<u>80</u>	<u>80</u>
Total Hours	335	340	330
Hourly Rate	<u>\$ 72</u>	<u>\$ 73</u>	<u>\$ 74</u>
Total Fee	<u>\$ 24,120</u>	<u>\$ 24,820</u>	<u>\$ 24,420</u>
Project Total			<u>\$ 73,360</u>

The Project Total amount will be the not-to-exceed total for the 2014, 2015, and 2016 accounting services. We have used an average hourly rate which would be in place for any additional services that the City may require. CAFR printing cost not included in these fees and will be billed separately.