

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A PERSONAL SERVICES AGREEMENT WITH ZUPKA & ASSOCIATES AND DECLARING AN EMERGENCY.

WHEREAS, the City of Avon Lake desires to retain the personal services of Zupka & Associates to prepare the annual financial statements for the City of Avon Lake for the years 2023 through 2025.

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF
THE CITY OF AVON LAKE, STATE OF OHIO:

Section No. 1: That the Mayor is hereby authorized and directed to enter into an agreement (Exhibit A) with Zupka & Associates of Seven Hills, Ohio, for preparation of the financial statements for the City of Avon Lake for the years 2023 through 2025 as provided in such agreement between the City of Avon Lake and Zupka & Associates. The agreement shall state among its terms that the cost of said personal services shall not exceed \$73,130.00. Upon completion of said services to the satisfaction of the Director of Finance, he is hereby directed to Zupka & Associates the warrant of this City and to cause said warrant to be paid.

Section No. 2: 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 which resulted in such formal actions, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section No. 3: That this Ordinance is hereby declared to be an emergency measure, the emergency being the necessity of providing the timely preparation of financial statements on behalf of the City for the years 2023 through 2025 to furnish accurate accounting of City funds and be in compliance with State law, thus for the health, safety, and welfare of the residents of Avon Lake. Therefore, this Ordinance shall be in full force and effect from and immediately after its passage and approval by the Mayor.

1st reading: 11/13/2023

2nd reading: 11/27/2023

3rd reading:

PASSED: 12/11/2023

/s/ Martin E. O'Donnell

President of Council

POSTED: 12/15/2023

APPROVED: 12/12/2023

ATTEST: /s/ Valerie E. Rosmarin

Clerk of Council

/s/ Gregory J. Zilka

Mayor

August 2, 2023

Mr. Ed Widman
Director of Finance
City of Avon :Lake
150 Avon Belden Road
Avon Lake, Ohio 4012

Dear Mr. Widman:

You have requested that we prepare the annual financial statements of the City of Avon Lake which will comprise the governmental activities, each major fund and the aggregate remaining fund information and cash flows, for the years ended December 31, 2023 through December 31, 2025, 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 prepare 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.

2. (Continued)

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 modify and update footnote disclosures as deemed necessary

GASBs and RSI

1. Implementation and reporting of all required GASBs
2. Preparation of all Required Supplementary Schedules

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. Detail to create income tax receivables and special assessment receivables
- e. Additional accounts receivable/accounts payable listings (charges for services, fees, licenses, and permits and fines and forfeitures)
- f. Inventory counts as of year end
- g. Open purchase order report by fund/function
- h. Prepaids (insurance, etc.)
- i. Capital asset reports along with additions and deletions detail for fiscal year
- j. Debt amortization schedules, along with any new debt for each fiscal year and capital leases
- k. Original and final certificates of estimated resources for each year, and original and final appropriations
- l. Payroll reports at end of year and during January of subsequent year to get accrued wages
- m. OPERS and OP&F statements confirming employer payments made during the year and the subsequent period.
- n. Bureau of Workers' Compensation payments made annually
- o. Sick and vacation balances at year-end for compensated absences liability
- p. Sick and vacation policies
- q. Confirmations for County auditors, OPERS, OP&F, and RITA
- r. Retiree payout information for the reporting period subsequent to year-end

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

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.

Mr. Ed Widman, Director of Finance
City of Avon Lake
August 2, 2023
Page 5

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.

Our proposed fees are based on the level of services we provide to the City of Avon Lake. 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 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 shown in the Schedule of Fees section on the last page of this document. We will complete the basic financial statements by May 30th of the year following the GAAP year.

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 continuing our professional relationship.

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

Sincerely,



Zupka and Associates
Certified Public Accountants

Accepted by the City of Avon Lake:

By _____

Title _____

Date _____

SCHEDULE OF FEES

The following lists the anticipated hours and hourly rates to accomplish the proposed accounting services and preparation of the Annual Comprehensive Financial Report for the City of Avon Lake for the years 2023 through 2025.

<u>Staff</u>	<u>2023*</u>	<u>2024</u>	<u>2025</u>
Partner	35	30	30
Manager	175	170	170
Staff Accountant	60	50	50
Total Hours	270	250	250
Hourly Rate	\$ 94	\$ 95	\$ 96
Project Total	<u>\$ 25,380</u>	<u>\$ 23,750</u>	<u>\$ 24,000</u>

The above fees include the following services:

- * Implementation of new GASB Statements, including GASB Statement No. 96, *Subscription-Based IT Arrangements*
- Annual filing of the GAAP financial statements into the Auditor of State's Hinkle System
- Filing of the Annual Comprehensive Financial Report with the GFOA, which includes preparation of the GFOA's Participant Application and preparation of the City's response(s) to the GFOA's review comments in the subsequent periods
- The above noted fees do not include fees associated with printing of the Annual Comprehensive Financial Report