



# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

## **MEMORANDUM**

To: Mayor Gregory P. Kurtz  
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, August 26, 2022

Re: Finance Office and Related Topic Updates

### **Annual Audit**

No, the 2021 audit of the City's financial statements is still not complete yet.

For the last ten (10) years, an independent public accountant (IPA) completed the City's annual audit for the Auditor of State's (AOS) Office.

However, after ten (10) years of having a public entity in Ohio audited by an IPA, the AOS "brings that audit back 'in house'" and completes the annual audit itself.

That is what happened this year for Fiscal Year 2021: The City's annual audit had been completed for ten years already by an IPA, so the 2021 Audit completed here in 2022 had to be completed by the AOS itself.

Independence was told by other local public entities and the AOS itself that the audit process utilized by the AOS is much more comprehensive and encompassing than the process it allows the IPA's to utilize. The AOS is including a lot of operational issues in its audit, as well as IT security, etc. It therefore includes much more than just an audit of the City's finances. That is why Independence's 2021 Audit is taking so long here in 2022.

Independence was initially told that its audit would be kept in-house with the AOS "for a few years" until being put back out to bid with an IPA. However, the AOS just notified the Finance Office that it was going to place the 2022 Audit completed in 2023 back out to bid to be completed by an IPA once again already.

The Finance Office doesn't know what that means, as it has not seen any of the 2021 Audit results as of yet. But the hope is that the AOS has found nothing material to be concerned about, and is comfortable relinquishing the annual audit responsibilities back to an IPA.



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## **Annual Audit - Continued**

The AOS handles the IPA bidding process and has the authority to select the IPA who will be given a five (5) year contract to audit the City for Fiscal Years 2022 through 2026.

The Finance Office is somewhat “consulted” during the bidding process utilized by the AOS and can weigh in on certain aspects of it, but at some point this fall, the AOS will notify Independence of the IPA it has selected.

Legislation will have to be drafted and presented to Council then as each year’s audit will easily cost in excess of \$15,000 (currently estimated to be at least \$40,000/year), and thusly a five-year contract issued by the AOS will likely total in the \$200,000+- range.

## **Tuesday, August 30, 2022 Public Lands and Buildings Committee Meeting**

A few of the Items on this Tuesday’s Public Lands and Buildings Committee Meeting Agenda are capital related items.

Following are those items and amounts either encumbered with a purchase order already, appropriated for here in 2022, or proposed to be appropriated in future years:

	<u>Amount Already Encumbered</u>	<u>Amount Appropriated in 2022</u>	<u>Amount Proposed to be Appropriated in Future Years</u>
City Hall Window Replacement	\$190,000	\$0	\$0
City Hall Air Handlers (HVAC)	\$240,000	\$0	\$0
Proposed Dog Park (Fencing)	\$ 25,000	\$0	\$0