



## CITY COUNCIL AGENDA ITEM

June 15, 2011

To: The Honorable Mayor and City Council Members

From: John Szerlag, City Manager

Subject: Financial Administration Services Agreement with Darling & Associates, C.P.A.

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John Lamerato, Assistant City Manager of Financial and Administrative Services, had his last day of work on June 10, 2011. Financial Services Director, James Nash will leave the City of Troy on June 30, 2011. So too, three veteran accountants in the Finance Department have been replaced by one Acting Accountant and one part-time Accountant.

It could take upward of three months to advertise, screen, recruit and hire replacements for Mr. Lamerato and Mr. Nash. With the reduction of personnel in the Finance Department coupled with a looming fiscal year end, which will involve among other things working with our auditors, three months is not an option.

Given the above, my action plan is to engage two qualified professionals on an interim basis; say four to six months. This will give us time to maintain our excellent financial administration of the City Organization as well as determine with specificity how we should fill these two positions with full-time employees.

At this point in time I am about half way there. Attached is an engagement letter from Mr. Thomas Darling, Managing Principal of Darling & Associates, C.P.A.s, which outlines a scope of work in the financial services arena. Some of you may recognize Mr. Darling as he was the lead auditor for the Rehmann Group which conducts our audits. Given this, Mr. Darling is very familiar with the financial component of the City of Troy. For an indefinite time frame, Mr. Darling will be in our municipal building on Mondays, Wednesdays and Fridays.

Please approve the attached agreement with Darling & Associates, C.P.A. Funding is available in various salary accounts as result of employee turnover and reduction in staff that have vacated budgeted positions.

c: Peggy Sears, Human Resources Director  
James A. Nash, Financial Services Director  
Lisa Burnham, Senior Accountant  
Lori Grigg Bluhm, City Attorney  
Thomas Darling, CPA



# DARLING & ASSOCIATES

Certified Public Accountants'

June 10, 2011

Mr. John Szerlag  
City Manager  
City of Troy  
500 W. Big Beaver  
Troy, Michigan 48084

Re: Financial Administration Services

Dear Mr. Szerlag,

The purpose of this letter is to set forth the understanding of our engagement to provide Financial Administrative Services and functions as listed below to the City of Troy, Michigan.

We will:

- Provide financial administrative services and functions as outlined on the attached schedule and as directed by the City Manager.

You agree to:

- Devote uninterrupted time to working with us as needed.
- Make candid representations about your plans and expectations.
- Process monthly transactions expeditiously in accordance with the work schedule we provide.
- Prioritize the sequence of projects that we will pursue.

All services will be under the direction of John Szerlag, City Manager. We anticipate providing services 2-3 days a week (16-30 hours) starting on June 13, 2011. Either party may terminate this agreement upon 14 days written notice.

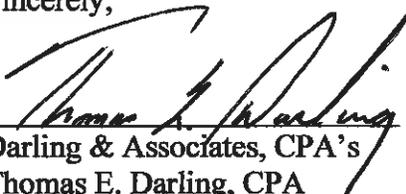
We will invoice you at a rate of \$95.00 per hour for principal level services on a bi-weekly basis representing the actual hours incurred. Our fees are payable upon presentation.

In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full or we have a definitive payment agreement approved by our firm administrator. If we elect to terminate our services for non-payment, you will be obligated to compensate us for all time expended through the date of termination.

Our terms and conditions impose a late charge of 1½% per month, which is an annual percentage rate of 18%. Balances not paid within 30 days of the receipt of invoice are past due and a late charge of 1½% will be applied to the entire past due amount.

We sincerely appreciate this opportunity to be of service to you. If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return the signed letter to us.

Sincerely,

  
Darling & Associates, CPA's  
Thomas E. Darling, CPA  
Managing Partner

Acceptance:

Sign: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



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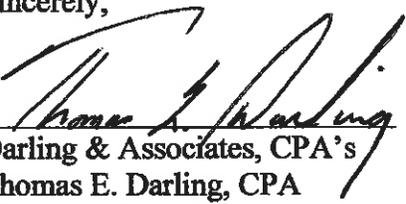
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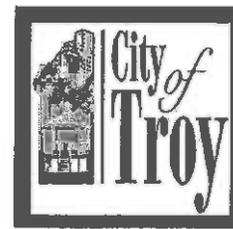
  
Darling & Associates, CPA's  
Thomas E. Darling, CPA  
Managing Partner

Acceptance:

Sign: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



June 10, 2011

Thomas E. Darling  
Darling & Associates

Re: Scope of Work for the City of Troy

Dear Mr. Darling:

As we discussed, please prepare an engagement letter which will incorporate the following scope of work:

1. Do the necessary to comply with audit requirements.
2. Day to day management of the accounting department.

The above two functions will comprise your primary responsibility. In addition, contingent upon my workload and ability to secure a qualified temporary employee, you will also be involved to varying degrees in the following:

1. Investments
2. Pension administration
3. Finances pertaining to the Downtown Development Authority
4. Budget Updates
5. Year-end Budget Amendment
6. Early Retirement Incentive Program administration
7. Liaison with actuaries

As you know, time is of the essence as I am going to make this an agenda item for the June 20, 2011 City Council meeting. Therefore, please have an engagement letter for me by end of business on Monday, June 13, 2011.

Very truly yours,

John Szerlag,  
City Manager

c: John M. Lamerato, Assistant City Manager/Finance & Administrative Services  
James Nash, Director of Finance  
Monica Irelan, Assistant to the City Manager/Coordinator of Continuous Improvement  
Lisa Burnham, Accountant  
Gary Mayer, Chief of Police  
Lori Grigg Bluhm, City Attorney