

# Outsourced Finance Director

Building relationships to become a valuable extension of your city is what our Financial Solutions team will be ardently focused on when we work with you. When you employ our team, you gain a fresh perspective on a broad range of topics – you'll have one point of contact but a whole team of people bringing you value. With that said, we've had the opportunity to partner with over 100 clients in the Midwest. Among the support we provide, Outsourced Finance Director Services are a primary focus of our team. We offer this service for a broad range of cities with populations ranging from 800 - 25,000 in size.

Acting as outsourced finance directors and controllers requires a broad ranges of skills and experience. We bring a unique set of skills and experience as former government auditors, finance directors and controllers. Through this lens, we implement processes and procedures to improve your city's daily operations. Our experience translates to insights that streamline the audit and budget process and internal controls, consequently reducing audit findings and improving efficiencies. Ultimately, this will save your city time and money.

## PROCESS

When you select our team, our process is made simple – for you and for your employees. First, we meet with your city administration to understand the challenges you face. We then analyze your financial statements, review budgets, and connect with your auditors to understand your financial position from their perspective. This gives us a holistic view to formulate a plan and propose how we can best support you.

Once our proposal is accepted, we'll work with key stakeholders to understand cash flow, investments, and begin fulfilling proposal initiatives. Together, we'll identify priorities and begin implementation.

## QUALIFICATIONS

Our people make the difference – we have three members on our team who have passed the Series 50 exam. These registered municipal advisors will manage your bonds, investments, and strategic planning initiatives. Out of 18 members in our Financial Solutions group, 60% of their work is focused on outsourced Finance Director services.

The majority of our team members have worked in government cities and public accounting, bringing you a fresh perspective backed by relevant experience. We're confident that Abdo FS has the right expertise, team support, and recommendations to help your city grow. We look forward to supporting you and your team.

# Technology

We believe technology should enhance our service offerings, making our work less intrusive, our time with you more productive and everyone's data more secure. The use of technology in our financial accounting services enables us to streamline our processes and helps to automate certain functions of our work so we are able to spend more time analyzing our results and working directly with you.

Through the outbreak of COVID-19, our team has been able to seamlessly move to a completely remote work environment with no loss of productivity, cooperation, or communication. Since March 17, 2020, our staff has been successfully conducting remote services using the latest video conferencing and secure file sharing technology. Through Zoom, Microsoft Teams, or whatever technology your City may use, our team will continue to work through normal procedures, including regular meetings with you during the engagement to ensure effective collaboration with your team.

We take the security of our client's data - and our own - very seriously. A number of systems are in place to ensure the safety of your City's data. We operate on a remote distributed infrastructure leveraging Microsoft's Cloud Platform Azure. This not only allows our staff to securely work from any computer, anywhere, any time, but also provides large-scale, cutting-edge technology and security for your data. Your data is housed in secure data centers that reside exclusively in the U.S. and not on laptops or local servers which could be stolen or misplaced. We also continually provide security awareness training to our staff members to ensure they are good digital stewards of your data.

## IT ALSO MEANS:

- All firm staff use dual authentication to ensure that every login to our remote environment is secure and authorized.
- All data is saved on redundant servers and data centers so if one server fails, another immediately takes over with no data lost.
- All data is backed up continually which means we always have an extra copy for safe-keeping.
- All incoming emails, attachments, and embedded links are scanned for viruses prior to landing in our inbox, which allows us to operate with more protection from phishing emails, malware attacks, and other digital threats.

Our cloud platform, Azure, is globally trusted by companies and governments and has numerous security compliance standard they adhere to. Reports of these can be provided as requested.



# Value

We at Abdo FS help cities achieve their financial goals.

Our fees range from \$145 to \$404 per hour based upon the experience and level of the individuals to be assigned to perform your work. Fees are also based on the assumption and limitations outlined in the Scope of Services that follows. Below are the fees for our services.

<u>Services Period</u>	<u>Hourly Range</u>
April 11, 2022 – June 30, 2022	\$ 165 - \$ 404

<u>Services Period</u>	<u>Monthly Fee*</u>	<u>Annual Fee</u>
July 1, 2022 – June 30, 2025	\$ 9,000	\$ 108,000

\*This monthly fee includes up to 35 hours of accounting services per month. Hours beyond 35 per month will be billed at a rate of \$240 per hour.

This quote is valid for ninety (90) days.

The payroll assessment will be completed by Abdo at a cost of \$2,500.

Monthly installment fees will be invoiced throughout the remainder of this contract.

# Scope of Services

Abdo FS Contract Task	Frequency
<b>Cash and Investment Reconciliation</b>	
Reconcile cash and investments	Monthly
Review cash and investment	Monthly
Review pledged collateral	Monthly
<b>Cash Receipt and Accounts Payable Coding Assistance</b>	
Full processing including preparation of year-end 1099 forms	Bi-weekly
Entry	Bi-weekly
<b>Utility Billing</b>	
Full processing	Monthly
<b>Sales Tax</b>	
Calculate and file	Quarterly
<b>Month End Close</b>	
Journal entries, analytical review, month close	Monthly
<b>Payroll</b>	
Full processing including quarterly and annual payroll tax returns	Bi-weekly
<b>Council Reporting</b>	
Prepare quarterly report	Quarterly
<b>Client Communication</b>	
Staff time and council meeting	Monthly

Abdo FS Contract Task	Frequency
<b>Budget</b>	
Wages and benefits	Annually
Prepare worksheets for departments	Annually
Prepare budget report	Annually
Help with certification to the county	Annually
Complete year-end reports to the Minnesota Department of Revenue, and the Minnesota Office of the State Auditor	Annually
Prepare newspaper publication	Annually
<b>Reporting</b>	
Indebtedness report	Annually
<b>Audit Prep</b>	
Prepare workpapers and support during audit	Annually
Complete the MN OSA city financial reporting form and newspaper publication	Annually

# What Our Clients Say

## CLIENT REFERENCES

One of the things we enjoy most about our work is developing long-term relationships with our clients and watching their city thrive as we help them to evolve and grow. Our clients listed below serve as a sample of references of those for which we have conducted accounting services. Additional references are available upon request.

### CITY OF GREEN ISLE

**Diane Hatlestad**  
City Clerk/Treasurer  
P 507.964.5748

### CITY OF DUNDAS

**Jenelle Teppen**  
City Administrator  
P 507.645.1629

### CITY OF HILLTOP

**Ruth Nelsen**  
City Clerk  
P 763.571.2023



# Why Partner with Abdo

## LIGHTING THE PATH FORWARD

In a world of ever-changing complexity, people need caring, empathetic and highly skilled professionals they can depend on to provide the right advice and solutions for them. Our clients seek growth and success, but also want security and confidence. For nearly 60 years, Abdo has provided insights for our clients to help them achieve their goals.

That same innovative spirit is also what has earned us the title of being one of the top accounting firms in the Midwest. Abdo is a better firm today because of the efforts we made to support a culture driven by our core values of growth, relationships, and teamwork.

With this foundation in place, we have successfully helped our clients identify and break through their own growth barriers. Every challenge they face is an opportunity for us to listen, understand and empower them with solutions and a plan to achieve their goals. It's fulfilling to serve as the catalyst that helps them overcome obstacles that block their progress.

When it comes to our working relationships, we are partners. We're confidants. We're the catalyst that sparks true business growth, providing guidance through every challenge and opportunity along the way.

## ABOUT ABDO

Abdo is a full-service accounting and consulting firm that delivers customized strategies and innovative solutions to help businesses, governments and nonprofits succeed. With more than 180 professionals and nearly six decades of experience, Abdo is ranked as one of the top accounting firms in the Midwest. It is a licensed CPA firm with offices located in Minneapolis and Mankato, Minnesota. Abdo's commitment to its clients is to gain in-depth knowledge of their unique challenges, opportunities, and needs. Through this consultative approach, Abdo partners with city leaders to light the path forward to confidently reach their goals.



"Listening to our clients' needs, understanding their challenges, and adjusting how we work together is key to our partnership with the people we serve."

— Steve McDonald, CPA | Managing Partner



# Abdo

*Diversity, Equity & Inclusion*

At Abdo, we recognize the need for continuous improvement in diversity, equity and inclusion initiatives throughout our firm and the accounting industry at large. We believe that when we understand each other better, we grow better together. Through our annual Affirmative Action reporting, we identify areas where improvement is needed and take steps to address these areas.

Over the past year, we have increased our efforts to promote diversity, equity, and inclusion within our firm and community through implicit/unconscious bias, anti-harassment, and interview training. In 2021, our Diversity, Equity, and Inclusion Committee looks forward to implementing a full scope of ideas, projects, and initiatives to move our firm forward through learning, understanding, and improving on these issues.

We have increased our number of women at the highest leadership level in recent years, with the last four additions to our partner group being female. We strive for continued growth in our ability to attract and retain women and people of color within our firm and we are working towards greater equity and diversity for all within our industry.

In order to build a more inclusive work environment, the firm has implemented diversity and inclusion education and have required all employees to attend a series of monthly sessions provided by the Greater Mankato Diversity Council. A video training resource on the topic of empathy is also being developed for further employee education and awareness. Additional DEI initiatives are listed on the following page. Please let us know if you have any questions or concerns regarding our DEI activity or have additional ideas on how we can improve diversity, equity, and inclusion at Abdo.



**57%**

of our Employees  
are Female

(industry average: 47%)



**43%**

of our Management Level  
Employees are Female

(industry average: 23%)



**26%**

of our 2022 Interns  
were people of color

[ Source: AICPA 2019 Trends Report ]



In 2020, the firm applied to be a co-sponsor for the **AICPA PCPS George Willie Ethnically Diverse Student Scholarship & Internship**, which allows 10 ethnically diverse accounting students the opportunity to be awarded internships with a firm that has been selected by the AICPA as co-sponsors of the program. Earlier this year, we found out that we were one of 10 firms in the nation to be selected as a co-sponsor for 2022. As a co-sponsor, we will host an ethnic minority accounting student to work alongside our CPAs and advisors during the 2022 internship season.



We are committed to the continued support and advancement of women in our firm and in our communities and one of the ways we do this is through partnership with YWCA Mankato, an city that is continually empowering women in our communities to enhance their individual strengths and build leadership skills. In 2020, we were proud to be a sponsor of the **Elizabeth Kearney Women's Leadership Program** and we continue to be an annual attendee of the Women's Leadership Conference – which was held virtually last year with great success!



For years, Minnesota State University, Mankato has been the primary university we recruit from for our summer program participants and interns. Recently, we met with the leaders of the newly formed **National Association of Black Accountants chapter at Minnesota State University, Mankato** and elected to be a sponsor for the 2021-2022 academic year. We believe this partnership is a starting point towards increasing the diversity of our future summer program participants and interns.



In 2021, we celebrated International Women's Day with the Edina Chamber of Commerce as the sponsor of the Healing & Moving Forward Together webinar - part of their **Women Inspiring Leadership & Learning (W.I.L.L.)** series. Attendees heard from Jasmine Stringer - speaker, lifestyle expert, and author - as she guided us through how to communicate, be a better ally, and become connected, informed and engaged in support of our colleagues of color within the workplace and the community.



# Value Added Services

When you partner with Abdo, you get access to our entire catalog of services. Below is a selection of the services that we believe could be of great value to your city. If you have need of these services, please reach out to us so we can help! Our additional service offerings can be found at [www.abdosolutions.com](http://www.abdosolutions.com).

## TECHNOLOGY & DATA SOLUTIONS

**Empowering you with advanced data analytics & insights.** Data is one of your city's most powerful assets. Using it to your advantage, however, can be a challenge. Our Technology and Data Solutions are designed to give you the information you need—how, when, and where you need it. Our consultants leverage a powerful mix of technology and tools to support you with the data analytics and insights you need. From creating user-friendly dashboards and reports to managing software implementations, we deliver solutions that work for you.

We help cities with:

- Strategic data analytics
- Software solutions: evaluation, selection & implementation
- Financial reporting solutions
- Automation solutions

## HR & PAYROLL SERVICES

**We help employers better support their most valuable resource... their people.** Having clear and consistent HR practices that best suit the individuality of your bank is key, even more so in today's tight employment environment. And because the right policies are just as important, we lend our HR expertise to help you strategically plan for your future.

We help cities with:

- Employee management and development
- Regulatory compliance
- Benefits analysis and administration, including the Affordable Care Act (ACA) and workers' compensation
- HR/Payroll software implementation and management
- Advisory services such as specialized labor cost analysis, compensation studies, and HR process development and implementation

## FINANCIAL REPORTING STANDARDS CHANGES

We live in a world of constantly changing rules and standards when it comes to accounting and financial statement reporting. From one-on-one consulting to training for your entire financial team, we can help.

- Training on upcoming and current changes
- Liquidity footnote analysis
- Lease contract analysis
- Revenue recognition standards

## UNIFORM GUIDANCE CONSULTING

**Is your city in compliance with Uniform Guidance?** Aligning the requirements of your city's grant agreement with Uniform Guidance regulations can be a challenge. We can help determine which regulations apply to your city and how to best apply them. Our team will review your grants and provide valuable implementation guidance to ensure compliance.

A few key areas to consider:

- Cost allocation plans
- Procurement plans
- Indirect cost rates
- Allowable expenditures

## THIRD PARTY AUDIT PREP & RESPONSE

**Need help getting ready for your audit?** We can help. We are experienced in helping cities get ready for their audit, whether a financial statement audit, IRS audit, or other regulatory audit.

## PROCESS SOLUTIONS

**"Because we've always done it way" is an easy trap to fall into.** But this outdated processes or systems rarely get results. Instead, they often lead to redundancies, unreliable outcomes, and frustrated staff. An ineffective process can become your Achilles heel in a crisis. Our customized process improvement solutions will meet you where you are – and guide you to a better tomorrow.

Our Process Solutions Services Include:

- Process Mapping Documentation – *How do transactions and data flow through your city?*
- Abdo ProEval – *Removing waste in your processes allows your team members to focus on what they were hired to do—and to spend more time on value-added initiatives.*
- Abdo ProEval - Kaizen – *Does the project seem too large, or the change too overwhelming? The Kaizen approach is a pared-down version of our ProEval service. Instead of a full operational review, we'll focus on one aspect of your operations.*
- Software Inventory & Assessment – *Including recommendations for increasing efficiency and, if possible, reducing software-related costs.*

# Appendix A

AGREEMENT FOR FINANCIAL SERVICES

# Agreement for Financial Services

THIS AGREEMENT, is made and entered into on April 11, 2022 by and between the City of Freeport, Minnesota (hereinafter referred to as the "City"), and Abdo Financial Solutions (hereinafter referred to as the "Contractor").

## Articles of Agreement & Recitals

WHEREAS, the City is authorized and empowered to secure from time to time certain professional services through contracts with qualified consultants; and

WHEREAS, the Contractor understands and agrees that:

1. The Contractor will act as an Independent Contractor in the performance of all duties under this Agreement. Accordingly, the Contractor shall be responsible for payment of all taxes, including federal, state and local taxes and professional/business license fees arising out of the Contractor's activities;
2. The Contractor shall have no authority to bind the City for the performance of any services or to obligate the City. The Contractor is not an agent, servant, or employee of the City and shall not make any such representations or hold himself/herself out as such;
3. The Contractor shall be the exclusive outsourced accounting service provider for the City during the term of this Agreement;
4. The Contractor shall perform all professional services in a competent and professional manner, acting in the best interests of the City at all times.
5. The Contractor shall not accrue any continuing contract rights for the services performed under this contract.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, it is agreed as follows:

## ARTICLE I

### INCORPORATION OF RECITALS

The recitals and agreement set forth above are hereby incorporated into this Agreement.

**ARTICLE II**

LIABILITY INSURANCE

Section 1 Liability Insurance: The Contractor shall obtain professional liability insurance, at their expense with liability insurance coverage minimums in the amount of \$2,000,000, which Contractor must secure and maintain during the term of this Agreement. Contractor will provide City with proof of liability insurance coverage under this Agreement in writing upon request by the City.

**ARTICLE III**

DURATION OF THE AGREEMENT

Section 1 Duration: This Agreement shall commence upon date of execution by all parties and will remain in effect until June 30, 2022 unless earlier terminated as provided in Sections 2 and 3.

Section 2 City's Termination Rights: City may terminate this Agreement upon sixty (60) days written notice in the event the City determines in its sole discretion that it is not in the City's best interest to continue using Contractor's services. The City may terminate on ten (10) days written notice of the Contractor fails to perform its obligations under this Agreement.

Section 3 Contractor's Termination Rights: Contractor may terminate this Agreement upon thirty (30) days written notice to City in the event City does not pay Contractor compensation as required under Article 5, Section 9 within fifteen (15) days after invoice is received by City. In the event of non-payment within thirty (30) days, Contractor shall give City an opportunity to cure the default by giving a notice of such non-payment and an additional five (5) days after the City's receipt of the notice to remit such payment, prior to giving a notice of termination. Contractor can also terminate the Agreement with one hundred twenty (120) days written notice if the Contractor believes it is in its best interests to terminate the Agreement.

**ARTICLE IV**

RENEWAL OF THE AGREEMENT

Section 1 Renewal Period: Not less than ninety (90) days prior to the expiration of this Agreement, the City may provide written notice of intent to renew this Agreement for an additional term of up to three years upon terms and conditions agreed upon by both parties to the Agreement. If no such renewal agreement is executed by the parties, the Agreement terminates without further action of either party on June 30, 2022.

**ARTICLE V**

**GENERAL**

Section 1 Authorized City Agent: The City's authorized agent for the purpose of administration of this Agreement is the City Mayor. Said agent shall have final authority for approval and acceptance of the Contractor's services performed under this Agreement and shall further have responsibility for administration of the terms and conditions of this Agreement. All notices under this Agreement shall be sent to the person and address indicated below on the signature lines.

Section 2 Amendments: No amendments or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by the parties.

Section 3 Assignability: The Contractor's rights and obligations under this Agreement are not assignable or transferable.

Section 4 Data: Any data or materials, including, but not limited to, reports, studies, photographs, negatives, or any and all other documents prepared by the Contractor or its outside consultants in the performance of the Contractor's obligations under this Agreement shall be the exclusive property of the City, and any such data and materials shall be remitted to the City by the Contractor upon completion, expiration, or termination of this Agreement. Further, any such data and materials shall be treated and maintained by the Contractor and its outside consultants in accordance with applicable federal, state and local laws. Further, Contractor will have access to data collected or maintained by the City to the extent necessary to perform Contractor's obligations under this Agreement. Contractor agrees to maintain all data obtained from the City in the same manner as the City is required under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 or other applicable law (hereinafter referred to as the "Act"). Contractor will not release or disclose the contents of data classified as not public to any person except at the written direction of the City. Upon receipt of a request to obtain and/or review data as defined in the Act, Contractor will immediately notify the City. The City shall provide written direction to Contractor regarding the request within a reasonable time, not to exceed fifteen (15) days. The City agrees to indemnify, hold harmless and defend Contractor for any liability, expense, cost, damages, claim, and action, including attorneys' fees, arising out of or related to Contractor's complying with the City's direction. Subject to the aforementioned, Contractor agrees to defend and indemnify the City from any claim, liability, damage or loss asserted against the City as a result of Contractor's failure to comply with the requirements of the Act. Upon termination and/or completion of this Agreement, Contractor agrees to return all data to the City, as requested by the City.

**ARTICLE V – CONTINUED**

GENERAL - CONTINUED

Section 5 Entire Agreement: This Agreement is the entire agreement between the City and the Contractor, and it supersedes all prior written or oral agreements. There are no other covenants, promises, undertakings, or understandings outside of this Agreement other than those specifically set forth. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement is null and void and of no effect unless in writing and signed by representatives of both parties authorized to amend this Agreement.

Section 6 Severability: All terms and covenants contained in this Agreement are severable. In the event any provision of this Agreement shall be held invalid by any court of competent jurisdiction, this Agreement shall be interpreted as if such invalid terms or covenants were not contained herein, and such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7 Contractor Fiscal Decision Waiver: Contractor is responsible for providing the City with timely and accurate financial recommendations and information that allows City Council the ability to make final financial decisions. Contractor will provide final financial recommendations but is not responsible for the final decisions made regarding financial matters.

Section 8 City Employment of Contractor's Employees; Should the City desire to employ the Contractor's employee that is assigned to the City during the term of this Agreement, it must have the written consent of the Contractor to enter into a City employee contract with the Contractor's employee. Should the Contractor agree to such arrangement, the agreement will include a payment equal to 150% of the annual contracted cost, in addition to the annual contracted cost already paid to the Contractor. This restriction on employment applies only during the term of this agreement.

ARTICLE V – CONTINUED

GENERAL - CONTINUED

Section 9 Compensation: The parties agree that the Contractor shall be paid compensation for the services provided hereunder, payable for work performed in accordance with this Agreement, based on the fees indicated in Table 1 and under the attached scope of services. Additional fees will not be incurred without prior approval of the City.

Table 1

<u>Services Period</u>	<u>Hourly Range</u>	
April 11, 2022 – June 30, 2022	\$ 165 - \$ 404	
 <u>Services Period</u>	 <u>Monthly Fee*</u>	 <u>Annual Fee</u>
July 1, 2022 – June 30, 2025	\$ 9,000	\$ 108,000

\*This monthly fee includes up to 35 hours of accounting services per month. Hours beyond 35 per month will be billed at a rate of \$240 per hour.

This quote is valid for ninety (90) days.

The payroll assessment will be completed by Abdo at a cost of \$2,500.

Monthly installment fees will be invoiced throughout the remainder of this contract.

Section 10 Additional Services: Should the City request additional services in addition to the Contracted Services, the Contractor will provide the City with proposed fees for the services to be provided. The City shall provide a written or electronic confirmation prior to the proposed services implementation.

Section 11 Outside Contractors: It shall be the responsibility of Contractor to compensate any other outside consultants retained or hired by Contractor to fulfill their obligations under this Agreement and shall be responsible for their work and Contractor, by using outside contractors, shall not be relieved of its obligations under this Agreement.