



*City Council Memorandum*

**To: Mayor Fasbender & City Councilmembers**  
**From: Chris Eitemiller, Finance Manager**  
**Date: October 4, 2021**  
**Item: 2022 Budget Pre-approval of Select Items**

**Council Actions Requested:**

Authorization to begin process for several 2022 budget items.

**Background Information:**

Regarding the 2022 budget plan, there are supply chain delays that will impact a number of the items included in the proposed budget. We are requesting authority to place orders for a number of items that have extended lead times. Additionally, some items will have a cost increase effective January 1<sup>st</sup>; in which case, we propose early approval for cost savings.

There may be some instances, where entering into a contract will be enough assurance for vendors to begin the procurement process.

**Items Requested Now:**

**Accounting Software:** The new finance system project has been discussed for a few years. One cost for the project is a project consultant. Staff has had a difficult time obtaining bids for this contract. Of four accounting and consulting firms that have been contacted by the City for bids, only one has submitted a proposal. Note that this cost is \$56K, compared to the \$30K previously approved. In order to secure this firm's services for 2022, we must enter into this contract before their schedule is filled up. We request authority to enter into this contract now in order to begin project work April 1, 2022.

**Radios:** Included in the 2022 proposed budget is the second phase of our Emergency Response Radios for both Police and Fire. The cost of these radios is scheduled to increase by 8% as of January 1, 2022. This would increase the total cost for these radios by \$17K. We request authority to purchase these radios at in 2021.

**Asphalt Roller:** Included in the 2022 proposed budget is replacement of our 20 year old roller. During 2021, we had to rent a roller for a larger project than it was capable; additionally, it has been out of service for weeks at a stretch for parts and repairs. As of this week, a new roller was reported to be available at minimum 6 months out. Ordering it now should have it available for spring pothole patching.

**Plow Truck:** Included in the 2022 proposed budget is replacement of dump truck complete with plow and wing blades, salt spreader, and on-board telemetry. At present, it appears we can get a cab and chassis, but the box and spreader are booked out to late fall 2022 or March 2023, depending on the vendor.

**Pick Up Trucks:** Included in the 2022 proposed budget are 2 trucks for the Parks Department, 1 for Water, and 1 for Sewer. According to vendors on the state bid program, ½ ton trucks are presently unavailable however ¾ ton trucks are available to order with as much as an 8-10 month delay.

**Squad Cars:** Included in the 2022 proposed budget are 3 squad cars (1 a hybrid model). Squads are normally a 6-9 month process from order to in-service. In speaking with auto dealers, the delay for new vehicles is currently expected to last into late 2022.

**Firearms:** Included in the 2022 proposed budget is to replace 10-year old handguns. The demand for handguns and ammunition is exceeding supply, justifying our ordering ahead and anticipating a wait.

**Ambulance:** Included in the 2022 proposed budget is to replace a 2018 ambulance with 123,000 miles. As with other vehicles, we're concerned about longer lead times.

#### **Items That Will be Requested at Upcoming Meeting:**

**Water Tower Painting:** Similar to the Finance consultant, Public Works needs approval to immediately contract with an engineer for water tower painting in 2022. Due to lead time, the design and specifications should begin this year in order to be complete in time to reserve a place in the vendor's 2022 schedule. A contract and 2021 budget amendment will be on an upcoming City Council agenda.

**Storage Building:** Public Works also requests approval to begin discussions with a contractor to build a new storage building. Due to the length of time required for the design and construction process, work must begin soon in order to complete the project by the time the storage rental agreement ends in 18 months. A proposal will be on an upcoming City Council agenda.

Additional Public Works requests include an asphalt roller and plow truck. Like other items listed, there is a limited number of vendors for specialized equipment such as this, and the amount of time from order to delivery has expanded due to supply chain issues.

Additional public safety items include Police squad cars, handguns and ammunition, as well as an ambulance in Fire/EMS. For all these items, the lead time from order to completion is close to a year, and departments need to begin the process.

**Financial Impact:**

The Finance system consultant could be funded either by General Fund balance, or ARPA funding.

The 2022 funding for the emergency response radios could be used to replenish the fund balance used to purchase these radios earlier than originally planned.

All the other items have funding in 2022 that could be used to replenish any fund balance that might be needed for down payments in 2021. Staff will work with vendors to make payments in 2022 where possible.

**Committee Discussion:**

N/A

**Attachments:**

- Process & Software Evaluation Proposal (AEM Financial Solutions)



Process & Software Evaluation Proposal

# City of Hastings

104 4<sup>th</sup> Street East  
Hastings, Minnesota 55033

Proposed by:

**Jean D. McGann, CPA**  
*Partner | Abdo, Eick & Meyers, LLP  
President | AEM Financial Solutions, LLC  
jean.mcgann@aemfs.com  
Direct Line (952) 715.3059*

AEM Financial Solutions  
5201 Eden Avenue, Suite 250  
Edina, Minnesota 55436

Office: (952) 835.9090  
Fax: (952) 835.3261

# Letter of Transmittal



September 28, 2021

We are pleased to submit our proposal to the City of Hastings (the City) and are confident the City will find AEM Financial Solutions, LLC (AEMFS) to have the experience and expertise to exceed your expectations.

The primary contact for this engagement will be Jean McGann, CPA, President of AEMFS. Jean McGann's contact information is listed below.

Jean McGann, CPA  
5201 Eden Ave  
Suite 250  
Edina, MN 55436  
jean.mcgann@aemfs.com  
952.715.3059

In the event the City selects AEMFS proposal, AEMFS is prepared to enter into an agreement with the City to provide services outlined in the proposal.

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Top **25**  
Accounting Firm  
in Minnesota

**Forbes**  
Named Top Accounting  
Firm Nationwide

September 28, 2021



# Executive Summary

Chris Eitemiller, Finance Manager  
City of Hastings  
104 4<sup>th</sup> Street East  
Hastings, Minnesota 55033

Dear Chris,

Thank you for the opportunity to submit this proposal to the City of Hastings (the City) for partnering with the City on a Financial Management Process and Software Evaluation. We appreciate the opportunity to have met with you to learn more about the City's existing structure and your plans for the future. Based on our experience with the type of work outlined in the proposal, we are confident our experience and expertise will allow us to exceed your expectations. Our proposal will demonstrate to you that AEM Financial Solutions, LLC. (AEMFS) will be the service provider of choice for your City.

Our success has been driven by utilizing staff that is experienced and well trained in governmental planning and operations. We understand attention to detail, project approach, management plan and quality work product are important factors in your selection process. We are confident in our ability to demonstrate we are the firm to select.

Our approach to this project is to engage with City staff to ensure we have an exceptional understanding of the project, each individual's role in the project, overall expectations and desires as well as exceptions to standard operations. Throughout the project there will be periodic meetings with City staff to share information, solicit input and provide updates. Based on our experience, we will structure each phase of the project to emphasis efficiencies and streamlines processes. It is critical that users of the financial system can assess information easily and quickly. By spending time on the front-end evaluating processes, procedures, goals, objectives and needed outputs, the end product for the City will be one that allows focus on the output of the system rather than spending an overabundance of time inputting data.

- **Ability to successfully complete all requirements** - A component of our mission statement is a philosophy that we will assist clients in reaching their maximum potential by open communications and teamwork. This means we will do the following for you:
  - » Present to you a clear project plan
  - » Use portal technology to share and collaborate documents
  - » Provide an environment that solicits and welcomes ideas and strategies from the City team
  - » Present recommendations in clear, concise and non-technical terms to all members of the City team
  - » Collaborate with City team and software vendor to ensure alignment
  - » Return phone calls and emails promptly
- **Experience with similar projects** - We believe our experience with similar projects and our expertise in governmental accounting, operational effectiveness, analysis, process and planning is greater than any other CPA or financial advisory Firm in Minnesota.
- **Understanding of the project and ability of the firm to complete the expected scope or work on schedule and within budget** - AEMFS is committed to providing a team environment that gives us the ability to complete projects on time and on budget. We leverage our staff to ensure the work is being completed by the appropriate individuals and reviewed by the President of AEMFS. We understand the parameters and expectations of this project and will complete the expected scope of work on schedule and within budget.
- **Accomplishing project objectives** - Our approach to a project is heavily dependent on communication and technology. We believe that listening to our clients' needs, concerns and challenges is of utmost importance for a successful project. Our experience in internal operations, processes, procedures, analysis of outputs and knowledge of financial software packages allows us to partner with the City to implement a robust financial software system. We use portal technology to share and collaborate on documents. This allows us to expedite our work product, provide answers to staff questions quickly and communicate instantaneously with City staff.

We look forward to meeting with you to discuss our proposal and appreciate this opportunity to present AEMFS for your consideration. We will contact you within two weeks to discuss your interest in our services and provide any further information you may need.

Sincerely,  
AEM Financial Solutions, LLC



Jean D. McGann, CPA  
*President, AEM Financial Solutions, LLC | Partner, Abdo, Eick & Meyers, LLP*



# Meet Your Team

In assembling our team to serve the City of Hastings, we have assigned experienced individuals who know and understand your unique financial accounting needs. Our proposed delivery team has substantial experience working with cities similar to Hastings. Our team members and their respective experience are briefly profiled below. Full biographies for the team are located on the following pages.



**Jean McGann, CPA**

*Partner | Abdo, Eick & Meyers, LLP  
President | AEM Financial Solutions  
jean.mcgann@aemfs.com  
Direct Line (952) 715.3059*

24 Years of Experience



**Victoria Holthaus, CPA**

*Partner | Abdo, Eick & Meyers, LLP  
victoria.holthaus@aemfs.com  
Direct Line (952) 715.3069*

15 Years of Experience



**Brenda Davitt**

*Senior Manager  
brenda.davitt@aemfs.com  
Direct Line (952) 939.3210*

30+ Years of Experience



**Pa Thao**

*Senior Associate  
pa.thao@aemfs.com  
Direct Line (952) 939.3236*

7 Years of Experience



**Blake Torbeck**

*Associate  
blake.torbeck@aemfs.com  
Direct Line (952) 939.3231*

1 Year of Experience



## Jean McGann, CPA

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*Partner | Abdo, Eick & Meyers, LLP*

*President | AEM Financial Solutions, LLC*

*Municipal Advisor Representative (Series 50)*

*jean.mcgann@aemfs.com*

*Direct Line (952) 715.3059*

Jean joined the Firm in 2013. She is licensed to practice as a CPA in Minnesota. Jean leads the Financial Solutions team providing financial management services, budget development and oversight, operational assessments, ERP system consulting, arbitrage compliance and customized solutions for government and nonprofit agencies as well as professional service firms.

### Education

- » Bachelor of Arts, Buena Vista University - Storm Lake, Iowa
- » Continuing professional education as required by AICPA and Government Accountability Office

### Professional Memberships

- » Minnesota Society of Certified Public Accountants
- » American Institute of Certified Public Accountants
- » Government Finance Officers Association of the United States and Canada
- » Minnesota Government Finance Officers Association
- » Minnesota Clerks & Finance Officers Association (MCFOA)

### Affiliations

- » Finance and audit committee member for Project for Pride in Living

### Qualifications

- » 24 years of experience in finance and auditing
- » Over 8 years of experience in operations management
- » Highly skilled in strategic planning and financial forecasting
- » Experience in identifying and implementing cost containment processes, efficiencies and streamlining processes
- » Policy development, internal control evaluation and project management experience
- » MSRB Municipal Advisor Representative (Series 50)



## Victoria Holthaus, CPA

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*Partner*

*Municipal Advisor Representative (Series 50)*

*victoria.holthaus@aemfs.com*

*Direct Line (952) 715.3069*

Victoria joined the Firm in 2013 in the Financial Solutions group. Her past experience includes service to Minnesota municipalities and joint ventures where she held finance and administrative roles. Victoria is licensed to practice as a CPA in Minnesota. She provides financial management services and customized solutions for local governments and nonprofit agencies.

### **Education**

- » Bachelor of Science in Accounting, National American University
- » Master of Arts in Public Administration, Hamline University
- » Minnesota Certified Municipal Clerk
- » Continuing professional education

### **Professional Memberships**

- » Minnesota Society of Certified Public Accountants
- » American Institute of Certified Public Accountants
- » Government Finance Officers Association of the United States and Canada
- » Minnesota Government Finance Officers Association

### **Affiliations**

- » Hamline School of Business, Accounting Board Member

### **Qualifications**

- » 15 years of experience working with local governments in finance and administration
- » MSRB Municipal Advisor Representative (Series 50)
- » Experience with budgeting, capital planning and debt management
- » Process evaluation and process improvement engagement lead



## Brenda Davitt

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*Senior Manager*

*brenda.davitt@aemfs.com*

*Direct Line (952) 939.3210*

Brenda joined the AEM Financial Solutions group in 2020 bringing with her over 30 years of governmental experience. Her past includes working for Washington County as an Accountant, Budget Analyst and Finance Supervisor. She then moved on to become the Assistant Finance Director for the City of Roseville and later as the Finance Director for the City of New Brighton.

### Education

- » Bachelor of Science in Finance, St. Cloud State University
- » Advanced Governmental Institute, University of Madison and Government Finance Officers Association
- » Advanced Police Budgeting and Cost Analysis, Northwestern University

### Professional Memberships

- » Minnesota Government Financial Officers Association
- » Government Finance Officers Association of the United States and Canada

### Qualifications

- » Over 30 years of experience working in governmental accounting
- » Project management with ERP system implementation
- » Policy development and internal control evaluations
- » Experience in long range utility rate studies, capital improvement, debt management, and financial analysis plans
- » Management of cash flows and compliance to Legislative statutes and OSA regulations for Tax Increment Districts



## Pa Thao

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*Senior Associate*

*pa.thao@aemfs.com*

*Direct Line (952) 939.3236*

Pa joined the Firm in 2018 as a Senior Associate after having served as an Accountant for local and city government finance and administration departments. She specializes in working with cities for accounting and finance needs of audit preparation, financial statements, long term plan developments and accounting process needs.

### **Education**

- » Bachelor of Administration in Accounting and Finance, Concordia University – St. Paul
- » Continuing professional education

### **Professional Memberships**

- » Minnesota Government Finance Officers Association

### **Qualifications**

- » 7 years of experience working with local and city government finance and administration
- » 4 years of experience working with state government
- » Experience with budgeting, audit preparation, project management and financial reporting



## Blake Torbeck, CPA

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*Associate*

*blake.torbeck@aemfs.com*

*Direct Line (952) 939.3231*

Blake joined the firm in 2020 as an Associate after completing his Bachelor's degree in Accountancy from the University of North Dakota. Prior to joining AEM Financial Solutions, Blake was an Accounting Clerk for a Management Group.

### **Education**

- » Bachelor's Degree in Accountancy, University of North Dakota
  - » Graduated Summa Cum Laude
- » Continuing professional education

### **Qualifications**

- » Experience working in QuickBooks, NetSuite and GP Dynamics
- » Experience in government, private corporation and nonprofit accounting
- » Background with budgeting, transactional processes and data analytics

# Government Experience

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You can have confidence in our 13 years of consulting services, over 55 years of quality accounting services and partnership in the government space. Since 1963, we've served cities just like yours. With an unwavering commitment to streamlining processes, training staff, and finding technology-based solutions, we proudly offer excellence in city consulting and auditing.

Out of our 160-strong, talented staff, over 40 team members are 100% focused on government clients, including services for over 100 cities and other governmental entities. By serving cities across Minnesota, we have become experts in the nuances of how to best support your city.

Our expertise affords you a consulting experience that is painless. We do this by communicating up front, coming fully prepared, and being available throughout the year to support you.

## Process

Our methods are centered around incorporating technology to deliver unparalleled solutions for government organizations. In addition to our consulting experience, our firm expertly performs outsourcing for governments giving us a wealth of experience in a consulting role. We don't believe in a one-size-fits-all mentality. So together, we'll focus on the needs that are relevant to your city and provide the right services to meet them with a customized methodology based on your needs. We're focused on developing creative, customized solutions to help your city mitigate costs and boost efficiency.

## Focus

Through continuous training and growth opportunities, we've established an environment with a focus on serving city governments. We spend more than 100 hours training and onboarding to ensure success for our clients.

We truly hope that you allow us to be your partner. Together, we'll go beyond the numbers to best support your city.



## Qualifications

- » GFOA and MnGFOA Association members
- » Government operations training
- » MSRB Municipal Advisor Qualified Representatives (Series 50)
- » Consulting services for over 100 cities
- » We've assisted many municipalities in preparing for the GFOA's Certificate of Achievement for Excellence awards in financial reporting

## Our Financial Management and Consulting Services Include:

- » Budget process development
- » Capital improvement planning
- » Cash flow analysis
- » Cost containment processes
- » Debt management plans
- » ERP system consulting
- » Finance Director services
- » Financial management plans
- » Financial reporting and analysis
- » Fleet: Operations and replacement rate analysis
- » Interim accounting and financial services
- » Internal control evaluation
- » Long-term strategic planning
- » Payroll processing
- » Policy development
- » Process flows and efficiencies
- » Project management
- » Quarterly and monthly reporting to management
- » Reconciliations
- » Software implementation
- » Utility/fee analysis
- » Year-end audit preparation and financial statement preparation





# Process Evaluations

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## Overview

AEM's Financial Solutions Team expertly manages financial process evaluations using an approach based on operational efficiency and effectiveness with focus on the importance of a strong internal control environment. We will perform a comprehensive evaluation of your processes to understand transaction flow through the various workstreams and systems as well as how key stakeholders deliver and receive financial information. The analysis and documentation will include current state as well as recommendations for future state changes. Ultimately, our recommended changes will promote transparency and efficiencies, keep key stakeholders in alignment with your financial status, and maximize the efficiency of the financial management processes. Financial process evaluations are always an important first step before undertaking any software implementation to ensure processes are efficient, add value and are aligned with organizational goals.

## Our People

In Financial Solutions, we're proud to have over 50 years of experience in government operations and government auditing.

This experience affords us a rich understanding of government-supporting software. Our staff members are experts in the top five software platforms that are currently being used in government organizations to effectively support your technology needs. Our team will make experience-based recommendations around your current systems and processes as well as how they may interface with other software to create efficiencies.

Our staff's experience in government, operations, auditing, and financial management gives us a distinctive perspective to stand apart from other available options. We can bring you value in an environment where you're being asked to do more with less and look forward to supporting you.

Notable Memberships: Government Finance Officers of United States and Canada, Minnesota Society of CPAs, American Institute of Certified Public Accountants AICPA, and Minnesota Government Finance Officers Association.

## Project Scope

Our process evaluation work will focus on the following ten functional areas /workstreams:

1. Accounts receivable
2. Cash receipting
3. Purchasing
4. Accounts payable
5. Bank reconciliations
6. Capital assets
7. Financial reporting and approvals
8. Human Resources
9. Payroll
10. Utility Billing

## Our Approach

Time and time again, we've successfully supported organizations following the below five-step approach. Each step will be tailored to best support your organization and provide you the greatest value and highest impact.

- 1. Project Planning:** Initial meeting with your team to review organizational information and key departments/segments as well as discuss project expectations, scope, process, key project resources, timeline and deliverables.
- 2. Initial Data Gathering:** We will send a questionnaire to you in advance for review and completion as well as request additional information. We will ask for completed information to be returned to us in advance of onsite interviews.
- 3. Remote Interviews:** We will conduct remote interviews as well as observation of key areas of the City's financial management office functions, processes, procedures and documentation for each of the areas included within scope. In addition to being process focused, these interviews will also provide inquiry around software systems being utilized.
- 4. Analysis & Documentation:** We will utilize information gathered in the initial questionnaire and onsite interviews to document and analyze each process area. This step often includes development of additional questions being presented to the organization to ensure all information is accurate and complete.
- 5. Deliverable & Presentation:** Our documentation includes both narrative and process flows of each of the key areas as well as recommendations to enhance process efficiency and effectiveness. We will provide the analysis and recommendations to you in advance, then will be available for questions and to present the recommendations upon your request.

# Software Evaluations

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## Overview

An understanding of the City's operational, financial and user requirements is an essential first step to considering any software change. AEM's Financial Solutions Team uses a requirements driven approach to understand the City's financial, operational, user and data reporting and analysis needs. We then leverage that understanding against available software functionality and key vendor criteria. In combination with requirements, we also utilize our knowledge and experience to evaluate the software vendors using a twelve-point scale including items such as product vision and ongoing investment, training, project management, and ongoing support. This comprehensive approach from detailed requirements through vendor analysis enables to partner with the City for an in-depth analysis of the right software solution to meet your needs, both now, and into the future.

## Our People

In Financial Solutions, we're proud to have over 50 years of experience in government operations and government auditing.

This experience affords us a rich understanding of government-supporting software. Our staff members are experts in the top five software platforms that are currently being used in government organizations to effectively support your technology needs. Our team will make experience-based recommendations around your current systems and processes as well as how they may interface with other software to create efficiencies.

Our staff's experience in government, operations, auditing, and financial management gives us a distinctive perspective to stand apart from other available options. We can bring you value in an environment where you're being asked to do more with less and look forward to supporting you.

Notable Memberships: Government Finance Officers of United States and Canada, Minnesota Society of CPAs, American Institute of Certified Public Accountants AICPA, and Minnesota Government Finance Officers Association.

## Project Scope

We will work with the City to evaluate and document requirements for a new ERP system. Based upon the information gathered, we will manage the release of requirements to software vendors who specialize in governmental entities, manage additional questions, arrange for and attend software demonstrations and assist with negotiations. We will also provide a written report to the City of Northfield of information gathered by vendor along with proposed costs.

## Our Approach

AEM Financial Solutions will first review and analyze data provided by the City and the results of the Financial Process Evaluation. We will then meet with the City to discuss overall anticipated project expectations, outcomes and timelines and will plan for detailed requirements gathering by module. We will work with the City team to identify and validate detailed system requirements to ensure they are accurate and complete. We have found that working jointly on the identification and validation of requirements will achieve a high result as the objectives of the City will be completely incorporated into the requirements documentation.

After the vendor responses are received, AEM Financial Solutions will assist in coordination of the demonstrations, will manage vendor communication, and will provide vendor and software functionality analysis. We have also found that it is important for the City to see demonstrations of the software packages, receive feedback from current users and determine if the infrastructure platform is viable and meets new system requirements. Our step-by-step approach is as follows:

- 1. Project Planning:** We will meet with your team to review project expectations, scope, process, key project resources, timeline and deliverables and plan for detailed requirements gathering.
- 2. Discovery & Requirements Gathering:** We will partner with the City to document key requirements by module, as well as any other operational, data and reporting requirements. We will also identify and document any integration and/or data upload needs for information residing in different systems that will need to be integrated or uploaded to the new system.
- 3. Release of Requirements & Vendor Communication:** We will provide the City's documented requirements along with the AEM Financial Solutions vendor questionnaire to vendors and will manage vendor communication and responses.
- 4. Software & Vendor Review:** We will analyze vendor information received in relation to City requirements and will provide a list of recommended vendors for demonstrations. Demonstrations can be either onsite or provide remote. We will attend and provide support for the City during these demonstrations.
- 5. Documentation & Negotiation:** We will provide follow up support for additional questions and research and will be available for support during negotiations as well as provide our customized AEM Financial Solutions software analysis and documentation to the City for use in making this important decision.

# Management & Timeline

## Project Management

Project Management is an essential role for the successful implementation or upgrade of new accounting systems and is a role that organizations often don't have the resource availability to fill. As we look ahead to an implementation or upgrade of a new software system, we would value the opportunity to partner with the City to fill this important role and lead your staff and the City smoothly through the implementation. We will work with the selected vendor and your staff to develop a project plan for key implementation steps and timeline, track issues and decisions, manage scope and budget, ensure full communication to all stakeholders, address project risk, and ensure all project participants are moving ahead together to a successful implementation.

## Recommended Approach & Timeline

Completing an evaluation of current processes and implementing needed changes is always an important first step before the implementation of new software; we would never want to automate a process that isn't efficient, aligned with organizational goals and adds value. For this reason, we recommend the following project order and potential timeframe (timing subject to change depending upon project acceptance).

Project Name	Start Date	End Date
Financial Process Evaluation	4/4/2022	4/29/2022
Software Evaluation: Requirements Gathering	5/2/2022	5/13/2022
Software Evaluation: Vendor Communication & Response	5/16/2022	6/15/2022
Software and Vendor Analysis	6/16/2022	7/15/2022
Software Demonstrations and Follow up Questions	7/18/2022	8/17/2022
Vendor and Software Analysis – Final Documentation	8/18/2022	9/8/2022

*Note: Depending upon scope, an ERP software implementation could take 8-12 months from project kickoff to system Go-Live.*

## Project Assumptions

As part of the Financial Management Process Evaluation and Software Evaluation, the City agrees to:

- Devote uninterrupted time to working with us as needed
- Make candid representations about your plans and expectations
- Make all management decisions and perform all management functions
- Provide an individual responsible to review and accept our work

# Value

We at AEM help cities achieve their financial goals.

Fees are based on the scope, assumptions and timeline outlined within this proposal.

Please select the box by each service the City would like provided. If the City would like all services performed, please check the box next to “Net Investment by the City if All Options are Selected”. By checking these boxes and signing the agreement in Appendix B, the City agrees to the terms of this contract and the fees associated with the requested services.

		<u>City Agreement</u>
Financial Management Process Evaluation	\$ 23,000	<input type="checkbox"/>
Software Evaluation	14,500	<input type="checkbox"/>
Chart of Accounts Mapping	6,500	<input type="checkbox"/>
Project Management - Software Implementation	17,000	<input type="checkbox"/>
	<b>\$ 61,000</b>	
<b>Total</b>	<b>\$ 61,000</b>	
Discounted if City determines the Financial Management Process Evaluation, Software Evaluation, Chart of Accounts Mapping and Project Management – Software Implementation combined is in the best interest of the City	\$ (5,000)	
	<b>\$ 56,000</b>	
<b>Net Investment by the City if All Options are Selected</b>	<b>\$ 56,000</b>	XX

Initial invoice will be sent within 10 days of the execution of this agreement.

Contract execution	25% of contract
Start of Software Evaluation	25% of contract
Start of Software Upgrade/Implementation	25% of contract
Contract completion	25% of contract



# 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 process evaluation 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 organization may use, our team will continue to work through normal procedures, including regular meetings with you throughout 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 in a completely remote hosted environment. 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 a secure data warehouse, not on laptops or local servers which could be stolen or misplaced

### 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 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 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 remote host vendor works exclusively with public accounting firms like ours and their client base includes approximately 300 firms. They maintain a Service Organization Control 2 (SOC 2) report covering their organizational controls over security, processing integrity, etc. This report is available for your review upon request.

# 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 organization thrive as we help them to evolve and grow. Our clients listed below serve as a sample of references of those we have completed a Financial Management Process Evaluation for. Additional references are available upon request.

### City of Crystal

**Anne Norris**  
City Manager  
(763) 531.1140

### City of Alexandria

**Jane Blade**  
Finance Director  
(320) 759.3625

### City of Northfield

**Brenda Angelstad**  
Finance Director  
(507) 645.3016





# Why Partner with AEM

## **AEM. Your Partner to Financial Success.**

We're here because our clients need solutions to their challenges--not a commodity product. Through our dedication to teamwork, development and relationships, we will help our clients thrive. The investments into our People + Process make a difference for you, our valued client. We focus on the challenges and needs that are relevant to your business or government agency. This allows us to be thoughtful in our approach in providing you with the best solutions, and leave you assured in the value of our deliverable.

Abdo, Eick & Meyers, LLP, established in 1963, has a professional staff of more than 150 in its Edina and Mankato offices. The two offices serve clients of all sizes and industries. Our services include audits, reviews and compilations, monthly accounting, tax planning and preparation, management advisory services and HR Outsourcing, to name a few. In addition, Abdo, Eick & Meyers, LLP is recognized as one of the Top 150 firms in the United States and the 10th largest firm in Minnesota.

## **We Listen. We Engage. We Deliver.**

You'll know you're in the right hands throughout our entire engagement. And with our commitment to your unique needs, you can be sure that you'll receive great value that is worthy of your invested time. Active engagement with DFK International and domestic industry associations allows us to provide maximum value to your organization. Combining our internal expertise and technological resources with what we've learned about you allows us to deliver a solution that exceeds your expectations.

Services That Move

## **City of Hastings**

Beyond the Numbers





# Diversity, Equity & Inclusion

At Abdo, Eick & Meyers, LLP, 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, Eick & Meyers.



## 56.8%

of our Employees  
are Female

(industry average: 47%)



## 42.9%

of our Management Level  
Employees are Female

(industry average: 23%)



## 10.5%

of our 2021 Interns  
were people of color

[ Source: AICPA 2019 Trends Report ]

## Diversity, Equity & Inclusion – Additional Initiatives



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 organization 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 AEM, 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.aemcpas.com](http://www.aemcpas.com).

## Technology & Data Solutions

**Empowering you with advanced data analytics & insights.** Data is one of your organization'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 organizations 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 organizations 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*

## 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

## 3rd Party Audit Prep & Response

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

## 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

## Process Solutions

**“Because we’ve always done it this way” is an easy trap to fall into.** But 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 organization?*
- » **AEM 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.*
- » **AEM 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

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# **Agreement for Financial Services**

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THIS AGREEMENT, is made and entered into on September 28, 2021 by and between the City of Hastings, Minnesota (hereinafter referred to as the “City”), and AEM Financial Solutions LLC (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.



**Agreement for Financial Services** *(continued)*

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**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 September 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 thirty (30) days written notice if the Contractor believes it is in its best interests to terminate the Agreement.

**ARTICLE IV****GENERAL**

Section 1 Authorized City Agent: The City's authorized agent for the purpose of administration of this Agreement is the Finance Director. 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.

**ARTICLE IV - CONTINUED****GENERAL - CONTINUED**

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. 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.

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.

**ARTICLE IV - CONTINUED****GENERAL - CONTINUED**

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 Contractors Employees; Should the City desire to employ the Contractors 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 Contractors 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.

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.

**ARTICLE IV - CONTINUED**

GENERAL - CONTINUED

**Table 1**

		<u>City Agreement</u>
Financial Management Process Evaluation	\$ 23,000	<input type="checkbox"/>
Software Evaluation	14,500	<input type="checkbox"/>
Chart of Accounts Mapping	6,500	<input type="checkbox"/>
Project Management - Software Implementation	17,000	<input type="checkbox"/>
	<b>\$ 61,000</b>	
Discounted if City determines the Financial Management Process Evaluation, Software Evaluation, Chart of Accounts Mapping and Project Management – Software Implementation combined is in the best interest of the City	\$ (5,000)	
	<b>\$ 56,000</b>	

**Net Investment by the City if All Options are Selected \$ 56,000**

Initial invoice will be sent within 10 days of the execution of this agreement.

Contract execution	25% of contract
Start of Software Evaluation	25% of contract
Start of Software Upgrade/Implementation	25% of contract
Contract completion	25% of 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.

# Appendix B

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# Agreement for the Provision of Professional Services

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WHEREFORE, this Agreement was entered into on the date set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to each, all and every provision hereof, and hereby, acknowledge receipt of a copy hereof.

City of Hastings  
104 4<sup>th</sup> Street East  
Hastings, Minnesota 55033

Name \_\_\_\_\_

Title \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

AEM Financial Solutions, LLC  
5201 Eden Ave. Suite 250  
Edina, Minnesota 55436

Name Jean D. McJann

Title President and Partner

Date September 28, 2021

# Appendix C

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