

RESOLUTION NO 5 , 2023

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO CONTRACT
WITH DONALD J. SCHONHARDT & ASSOCIATES, INC. FOR
PROFESSIONAL MANAGEMENT CONSULTING SERVICES**

WHEREAS, Section 9.03 of Article IX of the Charter of the City of Montgomery, Ohio, provides the method by which the City Manager shall make certain purchases and enter into contracts on behalf of the City; and

WHEREAS, it is appropriate to provide contract authority for professional services that are generally not subject to competitive bidding but will exceed a total of \$50,000; and

WHEREAS, the Director of Finance has received a proposal for management consulting services from Donald J. Schonhardt & Associates, Inc. to prepare annual comprehensive financial reports for fiscal years 2022, 2023 and 2024, which combined will exceed this \$50,000 threshold; and

WHEREAS, it is the recommendation of the Administration to accept such proposal to secure these services for this three year reporting period.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Montgomery, Hamilton County, Ohio, that:

SECTION 1. The City Manager is hereby authorized to contract with Donald J. Schonhardt & Associates, Inc. for professional management consulting services to be provided to the City of Montgomery for fiscal years 2022, 2023 and 2024 according to the Executive Summary and Contract for Management Consulting Services (“Agreement”) attached hereto as Exhibit “A” and incorporated herein by reference.

SECTION 2. The City Manager is hereby authorized to pay Donald J. Schonhardt & Associates, Inc. according to the terms set forth in said Agreement.

SECTION 3. This Resolution shall be in full force and effect from and after its passage.

PASSED: February 1, 2023

ATTEST: Connie Gaylor
Connie Gaylor, Clerk of Council

Craig D. Margolis
Craig D. Margolis, Mayor

APPROVED AS TO FORM:
Terrence M. Donnellon
Terrence M. Donnellon, Law Director

CONTRACT
for
MANAGEMENT CONSULTING SERVICES

This Contract is made and entered into this _____ day of _____, 20____, by and between Donald J. Schonhardt & Associates, Inc., 5307 Franklin Street, Hilliard, Ohio 43026-1409, hereinafter referred to as the "Consultant" and the City of Montgomery, Ohio, 10101 Montgomery Road, Montgomery, Ohio 45242, acting through the City Manager, hereinafter referred to as the "City".

Whereas, the Consultant provides assistance to local governments in the development of improved accounting and financial management information systems; and

Whereas, the City desires to retain the Consultant to provide assistance in the preparation of the 2022 Annual Comprehensive Financial Report (ACFR); and

Whereas, the City has reviewed the services to be provided by the Consultant and has authorized the services identified in the proposal to the City, dated December 14, 2022, which is attached hereto as Appendix I and is hereby made a part of this Contract, as if fully rewritten herein.

Now, Therefore, in consideration of the mutual covenants and obligations contained herein, the parties hereto agree as follows:

Scope of Services (Section I)

The Consultant shall provide accounting and financial management consulting services to the City in accordance with the Proposal to the City developed by the Consultant and dated December 14, 2022, a copy of which is attached hereto as Appendix I and incorporated by reference into this Contract as if fully rewritten herein.

The City acknowledges through acceptance of this section that the contract may cover a multi-year term as specified by the number of years designated below. Each ACFR prepared under the terms of a multi-year contract will be prepared according to the scope of services outlined in this contract at the hourly rates and maximum contract amounts specified in Appendix I.

# of years	signature	Title
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Term of Agreement (Section II)

The term of this Contract shall begin upon the signing of the contract document by authorized agents of the parties to the Contract and shall remain in force until the work identified in Appendix I is completed by the Consultant or the Contract is canceled by either party according to the terms of Section IV of this Contract titled "Termination".

Compensation (Section III)

Fee: City agrees to pay to the Consultant an hourly rate (including travel time) plus mileage for management consulting services. The total amount billed for management consulting under the defined scope of services shall not exceed the amounts specified in Appendix I for each report year as designated in Section I (excluding an allowance for mileage reimbursement).

Termination (Section IV)

The City shall furnish the Consultant with written notice of the Consultant's alleged breach of this Agreement. The Consultant shall have thirty (30) days after the Consultant's receipt of such notice to cure such breach and, if timely cured, this Agreement shall not terminate but continue in full force and effect. If the Consultant fails to cure such alleged breach, the City may terminate this Agreement by furnishing to the Consultant written intent to terminate and the Consultant shall have no further right to cure. Termination under this provision shall not relieve the City any payment obligations under this Agreement. Payment in full of all outstanding invoices for work rendered by Donald J. Schonhardt & Associates, Inc., shall be made on or prior to the termination date

Consultant may terminate this Contract by reason of the breach of any term of this Contract by the City or in the event that the City fails to pay all invoices according to the terms of the Contract, or the Consultant is or becomes insolvent or a party to any bankruptcy or receivership proceeding or any similar action affecting the affairs or property of the Consultant. Upon thirty (30) day written notice by the Consultant to the City, City shall pay all outstanding Donald J. Schonhardt & Associates, Inc. invoices.

General Provisions (Section V)

This Contract shall be governed by the laws of the State of Ohio.

This Contract contains the complete and exclusive statement of the agreement between the parties and supersedes all prior discussions, proposals, oral or written, and all other communications between the parties relating to the subject matter of this Contract.

No amendment to this Contract shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

All notices hereunder shall be in writing and shall be deemed to have been given when mailed by certified mail, return receipt requested to the address of the parties first written above or by delivering in person to either party.

This Contract may be executed in one (1) or more copies, each of which shall be deemed an original.

Each party has the power and authority to enter into and perform this Contract and the person signing this Contract on behalf of each party has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it and agrees to be bound by it.

If any provision of this Contract is determined to be invalid or unenforceable, the remaining provisions of this Contract shall not be affected thereby and shall continue to be binding upon the parties and shall be enforceable as though the invalid or unenforceable provisions were not contained herein.

General Provisions (Section V), Continued

No term or provision shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claiming to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to or waiver of or excuse for any other different or subsequent breach.

In witness whereof, the parties hereto have executed this Contract on the date and place first indicated above.

Approved as to Form: _____
By: *[Signature]* _____
Title: Director of Law _____
Date: 1-17-22 _____

City of Montgomery
10101 Montgomery Road
Montgomery, Ohio 45242

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

P.O. # _____

Donald J. Schonhardt & Associates, Inc.
5307 Franklin Street
Hilliard, Ohio 43026-1409

By: *[Signature]* _____
Roy O. Porter, CPA
Executive Vice President
Date: 12/14/22 _____

EXECUTIVE SUMMARY

Overview

The City of Montgomery, Ohio (City) has completed the preparation of their 2021 Annual Comprehensive Financial Report (ACFR) with the assistance of our firm. Mr. Chris Bigham, Acting Finance Director, is currently in the process of planning for the preparation of the City's 2022 ACFR. He has requested that we prepare a proposal to provide technical accounting and management oversight assistance in the preparation of a 2022 ACFR. As an integral part of the preparation process, we will utilize **ACFR-Unlimited™** software.

The preparation of a GAAP basis financial report involves extensive management planning and control to insure that all of the necessary tasks are accomplished in a timely and efficient manner. In addition to the routine responsibilities that often impact the availability of staff resources to assign to a major project, implementation of new Governmental Accounting Standards Board (GASB) pronouncements have made it increasingly more difficult to insure that all of the necessary reporting requirements have been met.

Since our primary service to the public sector is the preparation of GAAP basis financial reports, we have made a commitment to continuing education for all of our staff members. We participate in Government Finance Officers Association (GFOA) and Association of Government Accountants (AGA) sponsored seminars to ensure that our staff is knowledgeable about all current and proposed governmental financial reporting requirements. We will continue to work to ensure that our clients are made aware of these changes and how the changes will impact current and future financial reports. Finally, since we work with over eighty (80) different public sector entities to prepare GAAP basis financial reports, our staff is exposed to a variety of methods which may be used by City staff to improve the efficiency of the report preparation process. We have not wavered from our commitment to provide the highest quality public sector financial and accounting services at a reasonable cost.

We believe that Donald J. Schonhardt & Associates, Inc. (DJS&A), is in a unique position to meet the City's request for assistance because of our hands-on experience in public sector finance; our on-going assistance to other public sector entities that are required to prepare GAAP basis financial reports and our prior assistance to the City in the preparation of numerous award winning ACFRs. The individuals who will assist the City have in excess of seventy (70) years of public sector finance and accounting experience and continue to work with over eighty (80) public sector entities (municipalities, counties, villages, townships, special districts and school districts) throughout the State of Ohio to prepare GAAP basis annual financial reports.

We recognize the significance of our continued association with the City of Montgomery and are prepared to commit the necessary resources to assure the highest level of service.

Timing

On or before May 30, 2023, the City will be required to do the following: 1) submit their 2022 Basic Financial Statements to the Auditor of State and 2) input selected data from the unaudited statements into the Auditor of State's Hinkle System. Both processes must be completed to meet statutory requirements.

Audit Considerations: To meet the program deadline for a Certificate of Achievement for Excellence in Financial Reporting, the City must submit a 2022 ACFR to the GFOA no later than June 30, 2023. DJS&A intends to provide the auditors with all necessary information prior to June 1, 2023. Please note that DJS&A is not responsible for the timing of the audit and makes no commitments regarding the outcome of the audit.

This proposal includes DJS&A time to review proposed audit adjustments and make mutually agreed upon material audit adjustments (if any), but **does not** include time to cover continual meetings with the auditors throughout the audit process or time to make immaterial, nonsubstantive changes to the narrative or format of the report. We have also included additional time necessary to put the basic financial statements into a PDF file format so that our clients may comply with the State Auditor's electronic filing requirement.

Upon execution of a contract, DJS&A will provide a schedule to the City consisting of target dates and milestones for certain activities throughout the project. Adherence to dates published in the above referenced schedule is imperative to insure the timely completion of the ACFR.

Engagement Approach

Donald J. Schonhardt & Associates, Inc., will be responsible for providing on-going management and technical accounting assistance on a regular basis throughout the report preparation process. Such assistance will include but is not limited to the following:

- Regular discussions with City staff to review completed documentation, discuss data collection and recording criteria and examine the status of the report preparation process.
- Answer questions as they arise and discuss the rationale for specific data collection activities and how they can be accomplished most efficiently.
- Review and comment on the information developed for the conversion and review the applicability of the data in the presentation of the GAAP basis financials.

Professional Fees

It is our policy to estimate fees at an amount which is highly competitive, but which will enable us to provide responsive service of the highest quality. We base our fees on the time spent by personnel assigned to an engagement at hourly rates which are commensurate with the training and experience of those assigned to the project. We know that our hourly rates are extremely competitive and substantially less than those charged by other accounting and consulting firms that may not possess the actual hands-on experience of our staff. Management oversight and technical assistance will be billed at an hourly rate of \$110.00 per hour (including expenses) for work performed **plus** travel time and mileage at the rate of \$0.62 per mile.

Professional Fees (Continued)

In order to contain costs and pass the savings on to our clients, we are prepared to offer the same level of services identified in this proposal for preparation of a 2023 and 2024 ACFR at the same annual fee quoted for the 2022 ACFR preparation. We will freeze this rate and annual contract amount with the signing of a multi-year contract not to exceed three (3) consecutive report years. This fixed rate is contingent upon the City's agreement that the scope of work will remain the same for this and the subsequent years and that no significant change in accounting policies and/or procedures is anticipated which will potentially alter the required level of service. We are confident that you will agree that such cost containment measures provide both current and long-term benefits to the City.

The multi-year contract option is included on the contract document and requires an appropriate approval signature on the line provided which will designate the term of the contract. We hope that you are able to take advantage of this opportunity so that we may continue to provide you with the highest quality of service at the best possible price.

Our fee to provide management and technical oversight in the report preparation, as outlined in the Summary of Work to be Performed (**excluding an allowance for mileage reimbursement**) will be:

<u>Report Year</u>	<u>Report Fee</u>
2022	\$18,750
2023	18,750
2024	18,750

The amount that will be billed to the City of Montgomery for the project is as noted in the table above (**excluding an allowance for mileage reimbursement**). The hourly rate quoted above will not increase during the term of the contract. The proposal is a maximum not to exceed bid for the scope of services defined by this proposal, the City will not pay more than the amount noted above provided the scope of services does not change.

Billing

Our practice is to bill in monthly installments covering the period worked on the engagement. Billings are due and payable upon receipt.

SUMMARY OF WORK TO BE PERFORMED

The objective of this engagement is to provide management, technical and accounting assistance, to the City in the preparation of their 2022 ACFR. It is anticipated that the engagement will be completed by June 30, 2023. The engagement consists of the following:

Management overview, technical assistance, documentation, review and analysis of reversing and adjusting entries and preparation of one copy of the original ACFR which is suitable for preparing additional copies as required by the City.

An outline is provided below which indicates the major components of the project. The outline is not intended as a comprehensive work plan, but rather an overview of the services to be provided.

Management overview, technical and accounting assistance and limited data collection activities.

- Assess current records related to the ACFR and identify alternative approaches for record keeping and suggest formats for future data collection which will improve the efficiency of data collection.
- Organize and document in journal form all reversing entries.
- Post reversing entries to **ACFR-Unlimited™**
- Identify major subsidiary detail required to assemble accrual oriented statements (i.e. payables, receivables, capital asset detail, vacation/sick leave balances, etc.)
- Identify source of information and appropriate collection criteria for detailed information identified in the above task.
- Provide for centralized collection, organization and summarization of detail required for accrual adjustments.
- Modify software applications to incorporate new funds and/or fund reclassifications that have occurred during the last fiscal period.
- Assure that the City is in compliance with all new GASB pronouncements effective since the last reporting period.
- Utilize existing software models to input the data collected for aggregation and presentation.
- Download ending cash balance, receipt and disbursement figures from ASCII II file or Microsoft Excel® file into **ACFR-Unlimited™**.
- Execute various tasks required for accumulation of detailed financial information to be used in the preparation of the ACFR.

SUMMARY OF WORK TO BE PERFORMED
(Continued)

- Continuously monitor adherence to task assignments and adjust resources where necessary to satisfy deadlines.
- Obtain original and final budget amounts for major funds.
- Post adjusting accounting entries to **ACFR-Unlimited™** to develop the trial balance.
- Identify and eliminate appropriate interfund activity.
- Make final determination of major funds.
- Identify program revenues.
- Collect information to categorize net position.
- Prepare reconciliation between government-wide financial statements and fund based financial statements.
- Prepare statement formats for all required financial information including all basic financial statements, notes to the basic financial statements and appropriate financial schedules.
- Prepare Required Supplementary Information (RSI) schedules and footnotes.
- Provide draft copy of financial section of the ACFR along with supporting workpapers to the City's auditors.
- Input required information into the Hinkle Annual Financial Data Reporting System (Hinkle System).
- Make mutually agreed upon changes/corrections to the financial section as a result of the audit.
- Assist in the preparation of the statistical section of the ACFR by advising staff on data required and preparing final print routines for inclusion in the ACFR.
- Assist in the preparation of the introductory section of the ACFR by advising staff of specific requirements for the introductory section. Due to the unique nature of the introductory section, the City is responsible for preparing a draft of the transmittal letter to be included in the 2022 report.
- Assist in the preparation of Management's Discussion and Analysis (MD&A).
- Prepare in final form all print routines required for presentation in the ACFR and analyze same using review criteria established for GFOA reviewers.
- Finalize statement preparation formats for the ACFR and prepare a final PDF version of the report suitable for fulfilling the City's GFOA filing and printing needs.