

FINANCE COMMITTEE**JUNE 26, 2023**

The meeting was called to order at 6:57 PM by Chairperson Roger Smith with the following roll call:

Attendee Name	Title	Status	Arrived
Joseph Tillmann	Aldersperson	Remote	
Kenneth Neumann	Aldersperson	Present	
Roger Smith	Chairperson	Present	
Kim Olson	Aldersperson	Remote	
Jack Abbott	Aldersperson	Present	
Michael Schmidt	Aldersperson	Present	

Also present were City Clerk Anastasia Gonstead and Deputy Clerks Jacqueline Schonasky and Christine Coulter.

APPROVAL OF MINUTES**Approval of May 22, 2023 Finance of the Whole Committee Minutes**

Motion carries unanimously, 6-0.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Jack Abbott, Aldersperson
SECONDER:	Michael Schmidt, Aldersperson
AYES:	Tillmann, Neumann, Smith, Olson, Abbott, Schmidt

CITIZEN COMMENTS

None

TAG CENTER REPORT

Micaela Luehring, Director of TAG Center, reports.

TAG Center Report

Summer in general is slow, beside workout and 24/7 access. On pace with numbers for last year.

Membership Report

Once we get to the fall season (post Labor Day), afraid TAG Center will not have enough staff for a morning swim. One retiree, Dan, is all they are going to have with regular hours. Have a lifeguarding class scheduled July 14-16. Two enrolled currently. Ald Abbott inquired if this is posted anywhere. Director Luehring explained on their Facebook page, posted as well. She inquired if it can get on the City website. Clerk Gonstead confirmed it can, Director Luehring needs to provide the information.

Ald. Abbott inquired if the pool deck is done. Director Luehring stated it is not. They will be doing it in August, when they are annually closed.

Staffing Report

Covered in Membership Report.

Maintenance Report

They had a window that broke from the inside of the pool area. It shattered, unsure why. Checked cameras, couldn't figure out what caused it. Measured by Hometown Glass. Waiting on install.

Resurface of parking lot underway - resealed & restripped.

Aldag - removed dampers. Boiler #2 lost cap during high wind storm, this will keep rain out, getting replaced.

Carico Aquatics bringing paint samples in the near future.

Ceiling tiles in process of being replaced (ones damaged by previous leaking). No new leaking since repair. Lopez Roofing says new roof is not needed at this time. Repairs were around \$2,000.

Recreation Report

Softball leagues going well, over \$2,200 in concessions alone, good revenue. Leagues go into middle of August. Youth sports sampler started last Tuesday. Youth girls basketball camp start in a month, coach will be the high school coach and his players. Cardinal Youth Football Camp July 11-12. Just under 40 kids last year. Mayville CC Camp in August.

Ald. Olson inquired if anyone has looked into the babysitter's class. Director Luehring stated not yet, she was going to check w/ EMS. Will get back to Council on that.

TREASURER'S REPORT

None. No Comptroller/Treasurer at this time.

Ald. Abbott excused himself at 7:08 PM, returned at 7:10 PM.

ITEMS OF DISCUSSION/POSSIBLE ACTION

Presentation from Baker Tilly Regarding the City of Mayville 2022 Audit Results

John Rader with Baker Tilly presents. Aaron Gelvin with Baker Tilly also present. Starts with Financial Highlights. Snapshot of end of year balances.

- Non-spendable: almost double from last year \$566k of it has been advanced to other areas of the city. Areas that have deficits, loans from general fund to other funds. 26% of our general fund balance, it's quite a bit.
- Restricted & Committed - None
- Unassigned: Management decision, not really audited. FEMA and Fire Dues, in audit process, do not know where they are. Suggest they look at that for the future. Separation funds. Down \$29k from year prior
- Total Fund Balance: General fund grew because revenues came in over (driven by ambulance fees, investment incomes did well, property sale, and Audubon donations - was grossed out this year, as it should). Expenditures - Police, EMS, Audubon. Details to all of this are on pages 61-64 of budget statement.

City has a fund balance policy, as it should, that they try to remain reserves of 25%, minimum, for unassigned. We are currently at 33% which is good. We've been above last four years. General fund is in a good position.

Debt - in WI limited to debt of 5% of equalized value. Has nice growth from prior yet. G.O. debt. City utilizing 20% of debt budget, prior year was 27%. Mayville is in a comfortable limit. TIFs, especially young ones, can raise this.

Debt Service - Recommend to limit to 20% or less, going down for last four years.

Financial Statements:

- CDA: \$25,000 levy & advertising revenue. End of year, slight surplus. Some areas will close CDAs out, some keep open to run economic development through it.
- Income statements (pgs 11 & 12): Library is a special revenue fund, which is very typical. Huge number there, donations in misc. Normally this would not run through a library fund, should be running through capital fund (donations & costs). Closely monitor that project, you don't want it to drain the fund. Special revenue fund is separate of capital. Ald. Schmidt explained all the funds to build the library are donated funds, City has no fund involved in the building. Ald. Smith asked, if it is already running a deficit, where does it come from then? General fund? Mr. Rader stated that's correct.
- Debt Service Fund has accumulated, \$821k. It's levying more than it has had to pay, it's building. Might leave room for the City to maneuver. Have flexibility. Can't move money out of a debt service fund, but can use it to service new debt. Ald. Neumann stated the Council can change what goes in. Mr. Rader added Ehlers is very good at helping with this.
- Capital Improvement Fund (pg 12): In 2021 City issued debt for a number of purposes. The information being looked for, ie: how much is left. \$438k in unspent bond proceeds. In 2022, plan on how it was to be spent. End of year, deficit of \$88k. Overspent bond proceeds. It's not a huge number, but it needs to be addressed. Ald. Smith inquired how do we mitigate that deficit. Mr. Rader suggested levy. Maybe if issuing new debt. That's an Ehlers question, there are laws around that. Structural deficit.
- TAG Fund (pg 14 & 15): \$226k - Negative cash at the end of the year for the TAG Center. It does not have cash at the end of the year. That has been the case for several years. The amount has been growing. There were restricted amounts for remodel and equipment. Adjustments to move, no more restricted left, it's been used.
- Advances, Deficit Balances (Pg 33): Not unusual for governments to have deficit balances in some of their funds, ie: TIFs. With TIFs, look forward, have to see if it can be recovered. Capital improvements, customer loan fund, recycling funds all have deficits. Top of pg 42 shows how much they are borrowing out of the general fund.
- General fund in good shape. Debt is manageable. Have some other funds that have deficits that aren't massive, but need to be addressed.

- Ald. Schmidt asked about pg 33, library expenditures. For building? Mr. Rader stated that's correct. Ald. Schmidt explained the entire building fund comes from donations. Mr. Rader pointed to pg 33, actual expenditures of the entire library fund, not just the new building. Capital expenditures were not budgeted, GAAP reporting requirements. Ald. Smith asked that it's not so much we spent the money, it's that we didn't budget. Mr. Rader stated that is correct. Ald. Neumann added this is "on paper." Mr. Rader stated that is correct. Ald. Schmidt explained monies being spent for the building of the library were not budgeted for in the adopted budget. Mr. Rader stated that is correct. As auditors, it's not a big deal, wants them to pay attention to the deficits.
- Mr. Rader explained, over the last years, Baker Tilly has been doing a lot of entries for the City. 43 in 2022, 47 in 2021. These entries each consist of many, many debits and credits. Ald. Smith inquired what is a "normal" number of journal entries. Mr. Rader stated ten or fewer, you are in good shape. The number he just reported does not include Water/Wastewater. This makes audit costly as well. Also means you are not getting good financial information throughout the year. Any ways to improve that would be helpful.
- Mr. Rader addressed the discussion \$370,215 that was off. Utilities and their team pulled out those numbers. First look at balance - debits and credits. Allocation behind the scenes, bills pays, funds collected, parks it, then hits various funds and cash as well. Until it's run, it sits behind the scenes. Allocation was off, was not balanced. Does not mean funds are missing, almost always means there was errors in the postings throughout the year. Water fund, \$148k of it. Sewer fund, \$85-86k of it - similar situation. Tax collections were not posted correctly at end of 2022, \$98k. Took a lot of efforts to figure that out. Ald. Smith stated the City has an accounting software program that is being upgraded in August. Could that have been part of the problem? Can you expound on that? Mr. Rader stated he is not a user of the system. Will it be a better system for reporting, everything he has heard says it is. It is more user friendly. Server issues in the past. Will it reduce number of entries? No.
- Reporting and Insights: (Pg 6) - Segregation of duties. Had to do with a City of this size. Specific times (pg 6 & 7). Adjusting journal entries - Do they make sense? Are they supported? Are they being independently reviewed? These are high risk by nature, they have not been reviewed for several years.
- Bank & investment reconciliations. These were not being done in 2021. Cash was way off. 2022 bank reconciliations being done, but there was always a forced number to make it balance, which was always changing, so it was not really balancing. You last comptroller did get it to balance. Still no independent review. Needs to happen.
- Year end reconciliations: Someone working on it should not process those transactions. Could add some compensating controls. Many of these were not even updated from the last year.
- Segregation between cash collection and TAG Center.
- Library building activity. During audit, none of it was recorded in our system, just flowing through the bank account. Something that significant should be brought in-house. Had to make significant entries to get that recorded and in your system. The separate account is good, but need to be recorded here as well.
- Condition of financial records, better in 2022 from 2021.

- New points: timely payment of invoices/bills, benefits payments (mechanism to turn them off when someone leaves the City or retires), and charge accounts around the City need controls - need to set policy that employees sign off on, procedure in place with vendors in town.
- Restricted cash equipment account - TAG Center. Donations for replacement, covers depreciation. No adjustments being made. Funds physically moved and adjustment needs to be made in the system. Same with membership subsidy.
- Bank failures (not unusual). How much of year end funds are collateralized? Large balances at end of year due to tax collection. \$10.2 million available to risk if something would happen. Arrangements could be made with the bank.
- Pg 9 & 10, TAG Center financial situation. Has been talking about this for last 12 years. Incredible recovery for some years due to 10 year plan, donations, etc. Since 2019, it's happening again.
- Rader explained they have long working relationship with the City, he told former Comptroller/Treasurer and current Mayor he is available to try to help to add some clarity. General fund is in good shape, debt is good. TIF 3 was very successful. A lot of good here. Records need to get cleaned up.

Review, with Possible Action, City of Mayville 2022 Audit Results

None.

Presentation from MSA Professional Services Regarding Engineering and Short Term City Administrator Services

Presentation/open discussion with MSA regarding their available services.

Joe DeYoung, with MSA, explained this is an idea that came up with the Mayor with staffing issues. Temp services and possible engineering services. MSA consulting engineering firm, they are from Beaver Dam. 400 on staff, 12 offices. Works for many surrounding communities. Diane has been administrator for many communities. Mayville is not alone - transition, lack of staff, etc. Funding, grants, principal forgiveness.

Ald. Smith explained this is the support we need, to help find those funds.

Ald. Olson inquired who put this on the agenda? Clerk Gonstead explained it was Mayor Guinn.

Ald. Smith stated, as he understands it, the City has been using MSA's engineering services ad hoc. DeYoung - Yes, you have an in-house engineer for office hours.

General Engineering Services offered. Score card presented for Mayville. Lot of room to grow with TIF. Showed Horicon, who they work with, to show where they can find us funding and how to grow.

Bridge Street Project - Offered suggestions on how to utilize new building to help other projects. Explained by check funding, explore grants, able to get work done through TIFs without additional costs. They strive to look ahead, see what's coming, to help you fund it to get what we want done. Team of 13 that work on it.

The Council agreed to go to agenda item #6, to get Jack Hurst, DPW Director, out for the evening. (see below)

Presentation resumed with Diane Wessel with MSA, Interim Services Expert. Community Development Specialist. Funding team, each person has a specialty - fire, cbdg, clean water, etc. Keep a pulse on all new funding. Was in local government over 20 yrs. Started planning & zoning, onto administration. Interim staffing helps to avoid slide back.

Funding, organizational development, policy analysis & development, risk management.

Ald. Smith explained the ability to help find funding is hugely beneficial to what we need. Mr. DeYoung explained when they are involved with the community, they can look ahead and pursue the funding. Ald. Smith asked, to work best with their team, does that mean the City would need someone here all the time? Mr. DeYoung explained engineering offices are a dying position. The better communication between MSA or the community, the better off you are. The contract would establish who can authorize them to do work, so random calls from Council aren't wracking up the bills.

Nichole DeBaker, utilities accounted, asked to speak. Explained she would be willing to step in utility accountant/deputy comptroller/treasurer if she could learn from Diane. Diane explained there are a variety of contracts, holds office hours, attends meetings, works remotely, it is all based along the communities needs.

Ald. Smith stated MSA can help us stitch the loose ends together. Mr. DeYoung added they also have the knowledge of the resources.

Ald. Tillmann stated, at this point, he'd like to move on to the next agenda item so we can discuss further. Mr. DeYoung stated he would like to talk to staff to see where we can help. Ald. Tillmann stated he understands what Mr. DeYoung is saying, but we need a chance to talk as the committee.

Review, with Possible Action, Presentation from MSA Professional Services

Motion to table to this matter to the next finance committee to discuss further, second by Ald. Neumann. Discussion: Ald. Abbott asked if there is any idea of a cost/estimate involved with these services, as the Council needs to consider that. Mr. DeYoung explained they can definitely come back with that information. 6-0, motion carries unanimously.

RESULT:	TABLED [UNANIMOUS]	Next: 7/24/2023 6:00 PM
MOVER:	Joseph Tillmann, Alderperson	
SECONDER:	Kenneth Neumann, Alderperson	
AYES:	Tillmann, Neumann, Smith, Olson, Abbott, Schmidt	

Review, with Possible Action, Civicsystems Upgrade

No new information at this time. Motion to table by Ald. Neumann, second by Ald. Abbott. 6-0, motion carries unanimously.

RESULT:	TABLED [UNANIMOUS]	Next: 7/24/2023 6:00 PM
MOVER:	Kenneth Neumann, Alderperson	
SECONDER:	Jack Abbott, Alderperson	
AYES:	Tillmann, Neumann, Smith, Olson, Abbott, Schmidt	

Discuss, with Possible Action, Needed Repairs on DPW Equipment

DPW Director Hurst reports - There are items that will be grossly over budget. Loader repairs are already done, had to be done, \$34k. Tires on front end loader and back hoe, \$11k. Budget was only \$28k - well over budget for the year. New truck went up in smoke, fluids leaked onto hot hydraulics. Waiting on price for that. More cost to look at. These are all items, like Chief Marx stated, we need to be on a replacement schedule. These are items we use every single day, we have to have these. Wants to make sure the Council knows where he's at with all this. Bucket truck hasn't even gone in for inspection yet, it has to be done every year. DOT inspections need to happen every year.

Ald. Smith inquired, with the \$28k budget, did Council not give DPW enough? Director Hurst explained he has discussed this for years. What he allotted, it is almost impossible to take care of everything. Ald. Smith asked what that budget should be. Director Hurst stated \$150k, per some contractors. They find it unbelievable we are operating that low for budget. Our loader is a 1995. He explained he is not after brand new equipment, but needs them to realize when this stuff goes, he has to repair it. Definitely going to be over budget. Ald. Smith explained the Council needs to know how much over budget, when the information is available. Director Hurst stated he would do that. Ald. Smith asked if the budget has been arbitrary year to year. Director Hurst explained they had been told no increases from year to year. Ald. Neumann that was part of the 10-year plan. The Council got the debt where it should be, but now the City has the suffering at the end of it. He inquired if Director Hurst has a replacement schedule. Director Hurst they had been thrown to the side. Ald. Neumann inquired if he could get the info to the Council for budget. Director Hurst stated he could, but explained there have been increases, drastic from year to year, his department would operate better on 2-year plan. Need to get back to rotating replacement of equipment. Ald. Schmidt explained, if it has to be fixed, it has to be fixed.

Discuss, with Possible Action, Recommendation from Planning Commission to Provide Sanitary and Water Services from Road Right of Way for Letkewicz Property in the Riverknoll Industrial Park

Nick Chikowski, Engineering/Planning, explained this agenda item is regarding Lot #2, one of the lots created in River Knoll Industrial Park. In part of the purchase agreement, language that City would cover sewer and water to the property. Done by prior mayor and a realtor. Engineering nor Utilities were not aware of this agreement until after the fact. It was discussed in Nov & Dec 2022, in Planning Commission. Will need to come out of capital funds. City would use contractor Mr. Letkewicz hired to complete the work.

9:04 PM, Ald. Abbott left room.

Mr. Chikowski explained he talked to the current mayor, who said it needed to go to Finance Committee. The quote is under the \$25k threshold, so he is unsure if it needs to go to Council.

9:05 PM, Ald. Abbott returns.

Ald. Smith stated he is unsure where this is. Mr. Chikowski pointed out Item #7 of Dec. 2022 planning minutes.

Ald. Neumann stated it looks like the City is required to do this.

Ald. Abbott inquired how many lots are remaining. Mr. Chikowski explained four lots are remaining.

- Ald. Neumann pointed out it looks like the Council is forced to spend upwards of \$100k between all those lots.
- Ald. Abbott inquired about incentives to purchase on those lots. Mr. Chikowski explained the TID had incentive to purchase for \$1/acre. Letkewicz did not meet the additional requirements and had to purchase it outright. TID is closed.
- Clerk Gonstead asked Mr. Chikowski for clarification - Is that developer's agreement just for Mr. Letkewicz's lot? Mr. Chikowski stated that was correct. Ald. Neumann explained the Council is setting precedent here tonight. Mr. Chikowski explained Mayor Guinn has talked with Ehlers about bringing TID district back for that area for new incentives.
- Ald. Schmidt suggested they wait for Mayor Guinn to provide insight into this.
- Ald. Olson asked if this went through Planning Commission recently. Mr. Chikowski explained this was Nov/Dec of last year. Ald. Olson inquired if this should go back to planning commission, as they made these deals. Ald. Abbott inquired if they should consult the City Attorney.
- Ald. Olson inquired if this was approved by the Common Council. Clerk Gonstead explained there have been some procedural issues with Planning Commission. This did not get past Planning Commission, they did not recommend to Council. That Planning Commission does not have the authority to approve this, they need to recommend. Clerk Gonstead also informed the Council she will be attending the Planning Commission meetings moving forward, that will free up Mr. Chikowski to operate in the capacity he is intended to for the City and she will help take minutes and help navigate procedure questions.
- Ald. Abbott pointed out this TID is closed, so the City won't reap any benefits.
- Ald. Schmidt inquired why this took six months to get in front of the Council members. Mr. Chikowski did not have an answer.
- Ald. Olson explained she would would like time to go back in the minutes, to look at this more thoroughly. Ald. Abbott pointed out this matter was on the table for six months and now the Council members are put on the spot. Ald. Olson stated the Council members need to go back to who was on Planning Commission from back then. Ald. Smith stated that is a fair comment, but inquired if it will change anything.
- Motion to recommend to council to discuss w/ possible action by Ald. Neumann, 2nd Ald. Smith. Discussion: Ald. Abbott stated this option gives the Council members time and gets us closer to their requested start date. We have to think of us, not a contractor who wants to start on a certain date. Ald. Olson inquired who was all part of the prior decision. Ald. Schmidt read names of those in attendance at the December 12, 2023 Planning Commission meeting - Mayor John Guinn, Ald. Bob Smith, Andy Shoemaker, John Gable, Gene Frings, Broc Fleischer, and Merlin Kahlhammer.

Motion passes unanimously, 6-0.

RESULT:	RECOMMENDED TO COUNCIL [UNANIMOUS]	Next: 7/10/2023 7:00 PM
MOVER:	Kenneth Neumann, Alderperson	
SECONDER:	Roger Smith, Chairperson	
AYES:	Tillmann, Neumann, Smith, Olson, Abbott, Schmidt	

ADJOURNMENT

Motion to adjourn at 9:29 PM by Ald. Schmidt, second by Ald. Abbott. Motion carries, 6-0.

Meeting adjourned at 9:29 PM.

Anastasia Gonstead, City Clerk