

The meeting was called to order at 6:00 PM by Mayor John Guinn with the following roll call:

<b>Attendee Name</b>	<b>Title</b>	<b>Status</b>	<b>Arrived</b>
Joseph Tillmann	Aldersperson	Present	
Kenneth Neumann	Council President	Present	
Jack Abbott	Aldersperson	Absent	
Kim Olson	Aldersperson	Present	
Michael Schmidt	Aldersperson	Present	
Roger Smith	Aldersperson	Present	
John Guinn	Mayor	Present	

Also present was City Clerk Anastasia Gonstead.

## **PLEDGE OF ALLEGIANCE TO THE FLAG**

### **CITIZEN COMMENTS**

None

### **MAYOR'S COMMENTS**

Mayor Guinn thanked everyone for convening for the Special meeting, expressed urgency due to resignation of Comptroller/Treasurer Runde. Had to look at task at hand. Mayor Guinn reiterated his 8-point plan.

- Get Caselle update complete w/ right modules and licenses so we can perform optimally, operate more streamlined (including payroll). Give Dept heads and Council members access to reports so we all can perform our respective roles.
- Adapt processes to process payroll in house. Takes 3 days to process payroll. Citizen w/ experience says that's too much.
- Hire a co-deputy clerk. Ability to better balance work load. Payroll & HR expertise in house.
- Sikich: A CPA firm that has helped with evaluating information. We learned there is a lot they can do while working with municipalities. Original proposal in what they provide and what they have observed. This is not the final, honed in list of items. Sikich can help check our work, do monthly reconciliation, put process and controls in place. TAG Center finances annually addressed in audit. We want to free up Baker Tilly for our annual audits only. Over the years, they are doing entries for us, fees racking up. We had 87 entry corrections they had to make, costs money, takes time. Sikich is a good point of contact throughout the year for our accounting people to help. Will also be able to assist with budget process for the year. They can help build financial reports directly into Caselle that are consumable by elected officials and department heads. We need to be strategic in how we handle the finances.
- Comptroller/Treasurer search/recruitment. Our expectations should be it will take several months to find a good replacement. If we don't put the right tools in place, we are setting someone up for failure.
- Optimizing engineering. A number of years ago City of Mayville made decision to out source our engineering. We spend a large amount of money in engineering and don't get return on product.
- City Administrator. Administer by delegation. We have strong department heads, good working relationships. Feel good in able to delegate.
- Focus on employee morale. Work/life balance.

Ald. Olson asked if we going to get bids from anyone else? Mayor Guinn asked who she is looking to do that? Ald. Olson explained she has found other municipalities that use other places. Would like to see at least two bids.

Ald. Olson inquired how much the City has spent on Kunkle? Mayor Guinn provided a breakdown. Ald. Olson inquired if that was budgeted amount. Mayor Guinn stated he did not have that report.

Ald. Tillmann asked for clarification on Kunkle. Is that just engineering or does it include building inspector? Mayor Guinn stated he would check but he did not believe that includes building inspector. Their building inspector does a great job.

## **ITEMS OF DISCUSSION/POSSIBLE ACTION**

### **Presenation from Sikich Regarding Their Findings to This Point and Recommendations**

Present, virtually, were Mary O'Connor, James Sullivan, Ashley, and Alex from Sikich. Back in March initial scope was reviewing a 3.5 million dollar bond issue, 2.27 was to go to roads, parks projects, sewer projects, water projects. We checked if expenditures were allocated appropriately. Second was sale of property to a local business. Third, review issue related to co-mingling of funds with community development authority funds.

Reviewed financial audit. External auditors noted some material weaknesses related to internal controls and financial reporting. Missing key controls. Only preparer was reviewing entries, reconciliations, etc.

FY2020 and FY2021 audit - invoices in excess of \$400,000 paid in December still were not posted at time of audit, done months later. Bond proceeds not posted to general ledger. Bank reconciliation was not done past June 2021. They struggled to be able to find records for those expenditures related to the bond.

Have not yet been able to review commingling of funds with CDA.

Slag Rd sale with Metalcraft. This was discussed at 2/8/21 Common Council meeting - just discussed, not approved. August 2021 had motion to approve sale, contingent on planning commission work. The minutes have no votes recorded on that motion. 2/28/22 - Closed session. No minutes for review. 3/14/22 - Minutes note approval a number of resolutions, none of those deal with approving the sale of that property to Metalcraft. Resolution 2022-5736 shown for approval of the sale was never shown to Council. Resolution 2022-5736 put in front of Council was for a temp street closure. The sale property resolution 2022-5736 was signed by the Mayor and City Clerk at the time. Payment received from Metalcraft. Have not found actual approval of that sale recorded in board minutes.

Ald. Olson asked for clarification, that they have not found some of these item. Jim explained they reviewed what's posted online and worked with Comptroller/Treasurer Runde for the rest. 2/28/22 minutes were not found. Do not know why there is a duplicate resolution number that approves the sale of that property to Metalcraft.

Ald. Olson explained the Council going to approve this based on two \$15k payments. Sikich - That was reflected in the minutes, but no vote was recorded in the minutes. Ald. Olson inquired if there was anything in those minutes about a reservoir for water. Sikich stated they did not know, as that's not what they were looking for.

Ald. Neumann inquired if the City was under contract with Sikich. Mayor answered yes, for the enhanced audit services. Ald. Olson asked for confirmation that it was just for the enhanced audit. Mayor Guinn stated that was correct. He explained they do have proposals here as well. Regardless of what past practice is, we need to know what is proper practice moving forward.

Ald. Olson had a question regarding CDA, that they still don't have answers and asked for clarification on property to local business. Sikich - The property to local business was the Metalcraft sale. CDA is commingling of funds, which they have not started. Ald. Olson explained she saves everything, so if anything is needed I may have records for CDA happenings.

Ald. Neumann inquired if the CDA addition voted on. Mayor Guinn explained the way the engagement is set up is that when we find red flags, we bring it to them. Instead of giving them the books to see what they can find, we gave them specific items to look into.

Ald. Olson inquired if anyone has asked anyone in the past what happened. Mayor Guinn stated they have, to whatever extent they would be available.

Mary O'Connor explained her role is to give observations, given the forensic reviews. She is most disturbed by inability to put hands on document related to bond issue. That is serious - full documentation of where money came from and that it is spent per covenants. Looking at management letters from Baker Tilly, they have said repeatedly you lack separation of duties, timely posting of financial entries, financial controls are, at best, poor. Need to establish a dependable financial system. Although it has been recognized that you will be converting to better software that has the potential to give you timely data and information in a form you can use and hopefully software that is safe. There is no point in taking essentially a non-financial system and converting it, you'll just make it work. Thinks the City will be well served to solve staffing issue. The amount of work that will be needed to establish a baseline financial system - the City does not have the staffing nor the in-house expertise. It's very time intensive. Sikich has implemented thousands of them and they can move it along much faster than the City has the capability too. Get control over paperwork that feeds into Council decisions, that becomes easily accessible to the public.

Ashley - Eight point plan on where Sikich can help. They were discussing this prior to Comptroller Runde's resignation, as it is too much work for one person. Have to help the City implement controls. Help tie out Baker Tilly audit. Not critique their work, but draw a line and move forward. Help with budget season. Get right processes in place to help set City up for success.

- Month 1: Transition seamlessly. Transition accounting/finance tasks, assess current processes, establish status meeting cadence. Triage, review, and establish controls across revenue streams, implement accrual-based accounting and MEC procedures, map out roles and responsibilities of Comptroller's Office.
- Month 2-5: Execute Accounting & Revamp Processes.
- Month 6: Optimize finance for scalable growth. Develop monthly financial reporting package, enhance cash flow model, perform hourly scope.

Phase One - Working sessions and begin execution. Establish project management approach.

Phase Two - Stabilize: Triage & clean up. Optimize processes. Document optimized processes. If you hire now, there are no in-house policy and procedures. Any Comptroller who would walk in does not have a blueprint to help them succeed.

Phase Three - Drive monthly reporting, provide enhanced visibility to the City of Mayville, other hourly scope.

Ald. Smith inquired if the Council can get a copy of the powerpoint? Ashley - Yes, will forward after.

Technology assistance - data base, how much historical information being moved over. City does not have a handle on the type of upgrade this is. Going into an upgrade is the right time to review the software and what you need it to do. Make sure they understand the City and what is planned for the upgrade to ensure it is covering the needs of the City.

Ald. Smith inquired how much experience does the Sikich team have with Caselle. Ashley - They don't have Caselle experience, but their team has vast experience and works with the vendor. It's holding the vendor accountable, they help test.

Ald. Smith inquired if there is other software better for the City they should have considered. Ald. Olson asked what software their firms experience in. Ashley - Oracle. Caselle is a smaller system. Ald. Smith explained Oracle is a monster system. Mayor Guinn stated they are Cloud based, Caselle is not. Project management, we don't have that expertise. You are looking at the results of our project management expertise in-house. Data hygiene has come up in the conversations with Sikich. We need to make sure the data transferred in is good, so we aren't dealing with garbage.

Ald. Tillmann explained he has some experience with software upgrade. Why isn't Caselle on site assisting with these upgrades? He believes they do have Cloud capability; it depends on what you purchase. Mayor Guinn stated his understanding is Caselle has staffing issues like everyone else. Ald. Tillmann asked for clarification, as that should be part of the purchase price. Mayor Guinn stated the decision for upgrade was in late 2021. Ald. Tillmann inquired if we have a copy of the contract we have with Caselle. Mayor Guinn stated he thinks the route to go is to have someone help us to implement. If Comptroller/Treasurer Runde was going to stay on with us, she could maybe work with Caselle to help with that. Nichole DeBaker, from utilities, will be able to help with Caselle and Sikich.

Ald. Smith stated it sounds like there might be an opportunity to get support from the vendor in doing this. It bears taking a look at that contract with Caselle to see what's included.

Ashley - Caselle has reps, they don't project management on behalf of the City, that is what Sikich is able to offer. Mary - Caselle is not going to spend any time thinking about the underlying changes that need to happen in your financial organization. They need to be thought through, documented, and get some meaningful information up on the new system. You don't want them to wholesale take the old system, put it on the new system.

Ald. Olson asked if they were suggesting a whole, brand new system. Mary - No, but to have capabilities to make sure basics are in place to running a good organization and government. It's the baseline from where you are able to operate. Ald. Olson inquired if the City's baseline can be dealt with, upgraded, better performed. Mary - That's what we are proposing to do, but there is some of that base that is going to have to be rebuilt. Ald. Neumann - City of Mayville, 5,000. Inquired how many clients does Sikich have at that size. Mary - Approximate a thousand. We work with places smaller than Mayville, to municipalities, counties, school districts that are much larger. Ald. Neumann asked if any of them are in Dodge County.? Jim - We work with Chippewa County. Mary - I don't believe any in Dodge County. Ald. Neumann inquired if it is any of the Chippewa County cities. Mary - Don't have the information off hand. Jim - We did a handful of projects around Waukesha, Greendale School District, Pound WI.

### **Discuss, with Possible Actions, the Findings and Recommendations from Sikich**

Ald. Olson stated the Council members first got this proposal at about 2:15pm this afternoon and it was overwhelming. Wish we would have had more time on this. Inquired if they can table this. Mayor Guinn stated he did not think the City has the luxury of time. Starting Monday, the City does not have a Comptroller/Treasurer. Ald. Olson asked if the City can have a fill-in Comptroller/Treasurer in the meantime. Mayor Guinn stated no. Ald. Olson expressed concerns the City may go above our spending restraints and disqualify them.

Ald. Smith stated he thinks the Council need to be cautious about what we are spending. We have to have somebody in to do this. At a minimum, we need them to keep us going in the short term. The timing puts us in a real bind.

Ald. Olson stated she can see short term for right now. Mayor Guinn explained Sikich can help from a staff augmentation standpoint, so we can keep things moving. They can provide triage services for a brief period. We can have a six month engagement, we should be able to go into the next year with the controls and mechanisms to put in place.

Ald. Tillmann stated he sees an hourly rate and estimated cost. How long do we anticipate this? Is this within the budget to begin with? With regards to processes - If we have department heads that don't have these established, why is that the case? If I hire a department head, I would expect some accountability. Mayor Guinn explained inside of City Hall, there are nowhere near the level of records where you would expect to find regarding policy and procedures. Ald. Tillmann inquired why aren't department heads able to install procedures within their own departments. Coordinating the financial, it's clear that needs to be addressed, however, he does not see why we need someone to tell a department head how to set their procedures. Mayor Guinn stated we are talking about City Hall and finances. Developer's Agreement - Checklist. Monthly reconciliation- checklist. Big picture, so the government side of City Hall is plug and play, and the City functions how it should. We haven't had that in a number of years. Ald. Neumann explained the City never had that. He stated he didn't get this proposal until 12:30 today, the agenda was out before the holidays. He thinks the Council should table this. Go to our next option for a Comptroller/Treasurer month-by-month, he has one we can look into.

Ald. Olson expressed this is a lot tonight. Asked what the listed "technology fee" is for.

Ald. Neumann explained it would be on top of cost. It's a portal they make available for information.

Ald. Smith inquired of Ald. Tillmann if he is asking how did we get here and why did it happened. They are good questions. Ald. Tillmann explained his understanding is across the board there are procedural issues. He can see that in City Hall, as there is not someone fulltime to run it. Ald. Smith explained the City discovered Caselle was outdated and no longer functioning, on a system that was not functioning. There appears to be compromised data integrity. There was not a high degree of confidence in data. We had a Comptroller/Treasurer who was keeping double books, using Excel spreadsheets. We need to get software working. Ald. Tillmann stated he does not know what the City signed on for with Caselle, but thought they should assist. Ald. Smith stated the Council members are all coming into this in the middle of things. Ald. Olson inquired if someone here was to deal with the Caselle issues and they were not responsive. Ald. Olson further inquired if Caselle is not compliant with our agreement. Mayor Guinn asked if she wants to have our lawyer sue them on behalf of the City. Ald. Olson explained she was just putting that option out there. Ald. Smith stated, if he remembers, there was some give and take they had going with Comptroller/Treasurer Runde because of the issues. That he think it gives the City leverage to negotiate, then the City can continue to move forward.

Mayor Guinn stated City of Mayville does not have the expertise to do a successful software implementation. Ald. Olson asked if our IT could do it. Ald. Smith said no. Mayor Guinn explained it is not in their wheelhouse. Ald. Olson pointed out, bottom of page 19 of the proposal, estimating monthly fee to be \$7-10K. Wanted clarification on cost. Mayor Guinn stated \$7k is minimum. Ald. Olson inquired how long will the City need them. Mayor Guinn stated six months is their estimate. Ald. Olson asked if Mayor Guinn is proposing the Council approve this contract for six months of services. Mayor Guinn stated that is correct. Ald. Smith inquired if Sikich can start Monday to help with the accounting. Mayor Guinn said yes. Ald. Smith inquired, if the Council finds a Comptroller/Treasurer, is the City able to step out once we are comfortable stepping out. Mayor Guinn explained the objective is to set the proper procedures in place, even if the City hired Comptroller/Treasurer Runde's clone tomorrow, it would still be needed. Ald. Smith agreed the City needs the services they are offering, but that this is a lot of money. Inquired where the money is coming from. Do we take some out of each department's budget? Pointed out the City won't be paying Comptroller/Treasurer Runde's wage, but Sikich will probably cost more than that. Ald. Neumann stated he needs to know cost for Sikich to be our Comptroller/Treasurer monthly, and nothing else. Ald. Tillmann stated there is a potential for temporary service to step in. His question is why is the City not entertaining proposals from multiple vendors to perform these set of services. He explained there are a number of other companies that provide the same services. Why are we not finding a temporary person for Comptroller/Treasurer? Any entity is going to try to sell you all the bells and whistles. Mayor Guinn stated he would suggest they read the proposal, he understands there was not a lot of time. Ald. Neumann suggested they check out [govehrusa.com](http://govehrusa.com). Mayor Guinn read aloud part of Sikich's proposal. That \$7k floor and they can set a cap. Asked if the Council wants to do that. Ald. Smith stated they want to know cost of just Comptroller/Treasurer. Mayor Guinn asked them to remember this is a three phase plan. Ald. Smith asked, if the City hires a Comptroller/Treasurer, what is the cost they take off. Mayor Guinn stated it is not divided it out. Ald. Smith pointed out, if the City hires a Comptroller/Treasurer and do not do any of this, they would be throwing someone into the deep end where they could not succeed. Historically, they have proved that. Ald. Smith continued it makes sense to him, but was not sure it makes sense to everybody. Bottom line, he wants to make sure the Council set up the City to be successful. He would rather spend the \$60k upfront to set the City up for success. Mayor Guinn stated the City has been in financial strife since 2009. 9-year plan set up. After, COVID years, they didn't update software, etc. If the City does not take steps, they will end up in the same place.

Ald. Smith stated a temporary Comptroller/Treasurer would put them where Comptroller/Treasurer Runde was six months ago - digging in, trying to make it work, that's not the right position to put anybody in.

Ald. Olson pointed out pg 19 of proposal, they anticipate a minimum of 70-80 hrs/mo. Keep that in mind. Mayor Guinn explained they could put a "do not exceed" threshold on it. Ald. Smith indicated he liked that idea. Ald. Neumann explained the City has a relationship with Baker Tilly, Sikich is a huge company like Baker Tilly. Mayor Guinn explained Baker Tilly can't be the one who provides that service, it's a conflict, they end up auditing two spots.

Ald. Neumann - Motion to table Items #2 & 4 to next personnel committee, 2<sup>nd</sup> by Ald. Olson. Discussion: Mayor Guinn asked what the Council was going to do on Monday, as they bear responsibility over the treasury. That he doesn't know how they are going to keep things operating if this is the approach the Council takes. Ald. Olson asked Mayor Guinn when he received this proposal Mayor Guinn stated before 12:30. That he didn't realize this was not in the packet. He asked City Clerk Gonstead, who confirmed she had not been provided it, realized it did not happen, asked it be sent out. Ald. Olson explained she is overwhelmed by the money aspect. She knows we need someone right now. Ald. Smith stated the City needs a Comptroller/Treasurer right now, that there are other agencies, but he is trusting the mayor to make the right decisions for the right reasons. The question the Council has to answer is what are we going to do in the interim? Ald. Neumann stated he believes they could hire and onboard an interim Comptroller/Treasurer.

Ald. Neumann retracts motion. Makes a new motion to take Sikich on temp basis for 2-3 months, as Comptroller/Treasurer for the City of Mayville, temporary basis.

Ald. Olson asked what about the Caselle issue. Ald. Schmidt inquired, if Caselle isn't going to work, why is the Council even doing this. Ald. Smith stated from the standpoint of what we've been living through over the last six to nine months. You haven't been able to see all of that, I understand the need to think about this. Ald. Neumann stated we'd like all these positions, but we need to stay in budget.

City Clerk gave background on Caselle upgrade timeline and the various instances that caused the delays.

Mayor Guinn asked the Council to give weight to #8 of his plan: employee morale. We're going to burn out employees and create more turnover. Ald. Smith added when you burn out employees they make mistakes. It costs money.

Ald. Olson stated she believes the Council are all in sticker shock. Where is the City getting this money? Ald. Smith pointed out it's already costing the City this kind of money every year. Ald. Olson asked if Sikich can do any better on their quote.

Ald. Neumann asked if the employees will get paid in the interim. City Clerk Gonstead stated that we can get it figured out, but you are taking already stretched thin employees and asking them to do more. City Clerk Gonstead explained Nichole DeBaker from Utilities spent some time with Comptroller/Treasurer Runde working on payroll today. She explained it takes Comptroller/Treasurer Runde three days to complete payroll, it will take us longer but we'll get it done. Ms. DeBaker added she will work with Comptroller/Treasurer Runde some the following day but she firmly believes we need Sikich's assistance. That the City needs established policies and procedures. She added Sikich will still need someone in-house who can get them everything they need. She added the City spent a lot of money on Baker Tilly, they cost per entry, and she believes we had 87 last year.



Ald. Neumann stated, right now, the City does not have a Comptroller/Treasurer as of Monday, and the Council needs to get something figured out for that. That he realizes the scope of what's all needed, but we need this now. Reiterates his motion - Comptroller/Treasurer for Sikich for three months, temp basis, for the interim. 2nd by Ald. Olson. Discussion: Ald. Olson stated she had sent an email to Comptroller/Treasurer Runde with another options. Ald. Schmidt stated, right now, according to everyone here, Caselle is not working, we need the upgrades. We can't get the upgrades until at least August. That he agrees with Ald. Neumann's motion, if they can get that straightened out somewhat without Caselle's upgrade, they will have to use their resources. If they can suggest something other than Caselle, we may want to follow that. Sikich is already in-house, technically. Gives us time to see what they can do for us. Ald. Tillmann asked if Caselle is being used City-wide. Mayor Guinn explained not yet, that is where it is headed. Ald. Tillmann stressed it's a big deal to go through a system upgrade, presentations, time, making sure it meets your City's need. There are others out there that are better, but expensive. Ald. Olson asked Council to remember Sikich has a bottom line of \$7k per month. Ald. Smith stated he believes the Council needs to put a timeline on when we are going to get the assistance in place to help the staff. Ald. Olson agreed. No further discussion, roll vote taken. Motion carries unanimously.

Ald. Neumann - Aye/Yes

Ald. Olson - Aye/Yes

Ald. Smith - Aye/Yes

Ald. Schmidt - Aye/Yes

Ald. Tillmann - Aye/Yes

**Presentation from Sikich Regarding Proposal for Assistance While the Comptroller/Treasurer Position is Vacant**

Covered in Item #1.

**Discuss, with Possible Action, the Proposal for Assistance Provided by Sikich**

Covered in Item #2.

**Discuss, with Possible Action, Comptroller/Treasurer - Job Description and Posting/Recruiting**

City Clerk Gonstead provided Council with copies of the job description Indeed posting that was used to hire Comptroller/Treasurer Runde. Ald. Tillmann expressed that it is currently difficult to get quality people, but what the City is offering is low for the job. Ald. Neumann suggested Govhrusa.com as an option, but stated it was pricey. Ald. Tillmann asked for clarification if that site does recruiting. Ald. Neumann explained they do headhunting. Mayor Guinn stated that could costs tens of thousands of dollars. Ald. Schmidt suggested the City would be better off spending that money on the salary instead of a headhunter.

Motion by Ald. Olson to list the Comptroller/Treasurer position, as previously posted, on League of Wisconsin Municipalities and on Indeed at a rate of \$1000 for one month of listing. Second by Ald. Neumann. Discussion. Ald. Tillman things the low end of the salary range is too low and would drive people away.

Motion amended by Ald. Olson to list the Comptroller/Treasurer position, as previously posted, not providing the low end but indicating salary is up to \$85k based on experience. To be posted

on League of Wisconsin Municipalities and on Indeed at a rate of \$1000 for one month of listing. Second by Ald. Neumann. Roll vote taken. Amended Motion passes unanimously.

Ald. Olson - Aye/Yes  
Ald. Neumann- Aye/Yes  
Ald. Smith - Aye/Yes  
Ald. Schmidt - Aye/Yes  
Ald. Tillmann - Aye/Yes

<b>RESULT:</b>	<b>APPROVED AS AMENDED [UNANIMOUS]</b>
<b>MOVER:</b>	Kim Olson, Alderperson
<b>SECONDER:</b>	Kenneth Neumann, Council President
<b>AYES:</b>	Tillmann, Neumann, Olson, Schmidt, Smith
<b>ABSENT:</b>	Abbott

**Discuss, with Possible Action, In-House City Engineer - Job Description and Posting/Recuriting**

Mayor Guinn asked that the Council explore their options. Ald. Schmidt stated it is going to be work to explore. Ald. Tillmann agreed, adding it is a lot of money to spend.

Motion by Ald. Schmidt to table this matter until the August Common Council meeting. Second by Ald. Neumann. 5-0, motion carries unanimously.

<b>RESULT:</b>	<b>TABLED [UNANIMOUS]</b>	<b>Next: 8/14/2023 7:00 PM</b>
<b>MOVER:</b>	Michael Schmidt, Alderperson	
<b>SECONDER:</b>	Kenneth Neumann, Council President	
<b>AYES:</b>	Tillmann, Neumann, Olson, Schmidt, Smith	
<b>ABSENT:</b>	Abbott	

**ADJOURNMENT**

Motion by Ald. Tillmann to adjourn meeting at 8:15pm. Second by Ald. Neumann. 5-0, motion carries unanimously. Meeting adjourned at 8:15 pm.

Anastasia Gonstead, City Clerk