

CITY OF NEENAH
FINANCE AND PERSONNEL COMMITTEE MEETING
Monday, July 29, 2019 – 6:30 p.m.
Hauser Room, Neenah City Administration Building
211 Walnut Street, Neenah, Wisconsin

MINUTES

Present: Chairman Erickson; Aldermen Kunz, Steele, Stevenson and Boyette; Mayor Kaufert; City Attorney Godlewski; Director of Finance Easker.

Others Present: Director of Human Resources & Safety Kehl, Assistant Police Chief Bernice, Assistant Police Chief Sievert, Deputy Director of Community Development & Assessment Schmidt.

Absent/Excused: None.

Public Appearances: None.

Minutes: **Motion/Second/Carried Steele/Kunz to approve the minutes from the July 8, 2019 Regular Meeting.** All voting aye.

Request to Fill CommTech Position: Committee reviewed memo of Assistant Chief Sievert requesting authorization to fill the open full-time second shift CommTech position effective August 1, 2019. The position will be vacant upon the transfer of current Comm Tech Laurie Krueger to the recently created Records Clerk/Accreditation position. Mayor Kaufert has reviewed the request and concurs with filling the vacant position.

Committee and staff discussed various aspects of the request to fill the position. Issues discussed included the effect the new staffing structure has had on overtime, the use of CSA's and sworn vs non-sworn staffing.

Motion/Second/Carried Stevenson/Steele authorizing the Police Department to fill the open full-time second shift CommTech position effective August 1, 2019. All voting aye.

Development Agreement – Cardinal Plat Subdivision: Committee reviewed memo of Deputy Director Schmidt recommending Council approve the Cardinal Plat Development Agreement. The development includes 17 single-family residential lots located north of Nature Trail Subdivision and west of Eagle Crest Subdivision. The development also includes proposed sidewalks along various streets in and around the subdivision and a six-acre public open space. Deferred assessments for the Breezewood Lane oversized water main and the CTH G oversized sewer are also part of the proposed development agreement.

Committee and staff discussed various aspects of the proposed development agreement. Issues discussed included the recommendation by staff that the public open space not be maintained by Parks Department staff, the plan to divert storm water related to the

development, the large out lot adjacent to the development and a review of a map of the area and discussion related to Shooting Star Drive and Armstrong Street.

Motion/Second/Carried Stevenson/Kunz recommending Council approve the Cardinal Plat Development Agreement. All voting aye.

Committee of the Whole Referral of Baker Tilly 2018 Management Letter: Committee and staff reviewed the 2018 Communication with those Charged with Governance and Management issued by the City's auditor Baker Tilly. In the report, Baker Tilly identified three issues defined as "significant deficiencies" within the City's internal control environment. Governmental auditing standards define a significant deficiency as a deficiency that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Committee and staff discussed the noted deficiency regarding Internal Control over Financial Reporting, a comment that has been included in the report for many years. As discussed in previous years, this internal control deficiency is isolated to the fact that the City allows Baker Tilly to organize and print the City's Comprehensive Annual Financial Report (CAFR), a decision the City has determined is the most efficient and cost effective approach and one followed by the vast majority of small to mid-sized communities. Baker Tilly has noted that over 90% of their clients follow this practice and consequently receive either a material weakness or significant deficiency comment on this issue each year.

Committee and staff also discussed the other two comments, both of which are related to the Menasha/Neenah Joint Municipal Court. The comments regarding Segregation of Duties and Voids and Adjustments are directly related to the fact that the Municipal Court has only one full-time employee, who is then responsible for virtually all of the collections, transactions and postings with municipal court clients.

After lengthy discussion, Director Easker was instructed to investigate options that could establish compensating controls for both of the Municipal Court findings that would mitigate the risk to the point that the comment could be removed from future internal control reports as significant deficiencies, including the potential for Finance Department staff to participate in additional funds collection and transaction testing on behalf of the Joint Municipal Court.

Consideration of Baker Tilly Audit Services 2019-2021: Committee reviewed memo of Director Easker recommending approval of the proposed contract with Baker Tilly to provide audit services to the City and City owned utilities for Fiscal Years 2019-2021. The City's most recent audit contract with Baker Tilly was for fiscal years 2016-2018. Prior to the most recent contract with Baker Tilly, the City embarked on a full analysis of audit services providers. This included an RFP, review, analysis and interviews conducted by a special audit selection committee of competing audit firms and proposals. Ultimately, the audit selection committee recommended and Common Council affirmed Baker Tilly as the City audit firm for years 2016-2018.

Committee and staff discussed various aspects of the proposed audit contract. Issues discussed included the over 20-year relationship the City has had with Baker Tilly or its affiliates, the approximate 3% annual cost increase in each year of the contract and a discussion of the detailed analysis of audit services providers conducted in 2016. After further discussion, consensus of the committee was to defer action on the contract to allow for committee review of the 2016 audit service provider analysis.

Motion/Second/Carried Stevenson/Boyette to defer action on the proposed contract with Baker Tilly to provide audit services to the City and City owned utilities for Fiscal Years 2019-2021 pending committee review of the analysis of audit services providers conducted in 2016. All voting aye.

Fiscal Matters: June Vouchers: Motion/Second/Carried Stevenson/Boyette to approve the June vouchers as presented. All voting aye.

Motion/Second/Carried Stevenson/Boyette to adjourn the meeting at 8:15 p.m. All voting aye.

Respectfully submitted,

A handwritten signature in green ink, appearing to read "M.K. Easker".

Michael K. Easker, CPA
Director of Finance