

SPECIAL MEETING - FEBRUARY 4, 2021 - Background Information Provided by Mayor Olson:

- Special Meeting was called based on observations, phone calls to professionals, and accounting experience:

FACTS:

1. **Elected** by the citizens of Menahga due to their concerns with the financial well being of the City;
2. Information provided to me by the present staff indicate a mistrust of any financial reports or check reconciliation that is accurate obtained from the Banyon Software due to a corruption of the data occurring at some point in 2020.
3. Contact with **Banyon Software** (including Menahga's prior experience) and phone calls with Cities using the Banyon Software for several years (Menahga's financial Software use has been since 2011) provided the following information:
 - a. The Banyon software has provided accurate financial reporting for prior City of Menahga Audits while under the direction of previous City Administrators - Char West, Janette Bower and Gina Ellingson and Deputy Clerk Alvina Kytta;
 - b. The previous Council provided and paid for in-person training on the Banyon Software for our City Administrator Curtis Kreklau, Deputy Clerk Tanya Edwards and Secretary Amanda Pachel, by retired City Administrator Char West and retired Deputy Clerk Alvina Kytta;
 - c. That Banyon Tech Support has reported that they received a total of 11 calls or e-mails for 2020 from the City Staff - two (2) for Utility Billing (UB), zero -0- for PAY (Payroll) and, nine (9) for Fund Accounting (FA);
 - d. Contact of four (4) other cities who utilize the Banyon Software - They were all happy with the software and yes, a few patches from Banyon were necessary for the Windows 10 update and Banyon's upgrade from Version 10 to Version 12. In my experience, this is not unusual. Since the City of Royalton was mentioned at the Work Session as having problems, contact made with them reported they had been using the Banyon Software for over 15 years and had no problems. In fact, they were already in the process of providing the necessary pre-audit reports to their City Auditor for the 2020 Audit.
 - e. **Audit for 2020** - Will use the existing Menahga City Banyon Software financials. All data must be accurate. We **must** receive a clean Audit for 2020 and moving forward.
4. **S & P Report and Downgrade** - Menahga's general obligation debt was lowered on its' unenhanced and underlying ratings from an "A" rating to a "BBB+" rating. This downgrade reflected the City's weakened budget performance and general fund deficits. The Report further stated that if Menahga is able to show progress towards budgetary performance improvements, the S & P would likely revise the outlook back to stable. This is what the City **must** attain.

5. **2019 City Audit** - Reported on Page 96b - The Auditor proposed material audit adjustments to cash and cash equivalents for approximately \$232,000. In my experience, this should never occur. On page 98, it states that in order to mitigate the associated risks of segregation of duties, one statement indicates that this can be accomplished, by, "Using the knowledge of management and the Council to review accounting records and reports". To-date, the Council has not received any accurate reports.

6. **Conversion to new software system:** It is impossible to complete a conversion from one software system to another, if the existing software is not accurate or correct.

We, the Council, must have confidence in the financial data of the existing Banyon Software system in order to properly perform our function as Council members. We were elected by the City residents to make sure the City remains solvent. The Council does have a fiduciary responsibility to the citizens and taxpayers of Menahga.

**City of Menahga
Action Memorandum 21- ____**

Subject: Approve the necessary action to correct the City's financial system and City finances by February 22, 2021

Agenda of: Special Meeting February 4, 2021

Background Information:
XXXXXX

Fiscal Information:

Total amount of funds listed in this legislation: \$ _____

This legislation (✓):

Has no fiscal impact Creates a positive impact in the amount of: \$ _____
 Creates a negative impact in the amount of: \$ _____

Funds are (✓):

Budgeted Line item(s): _____
 Not budgeted Affected line item(s): _____

Attachments:

Motion: To require that all financial information included in the Banyon Software be accurate financial data for the 2020 calendar year and continuing, to be completed by the City Administrator, Deputy Clerk and Secretary on or before February 22nd, 2021;

And, direct the City Administrator to contact Banyon's Technical Support in order to accomplish the above directive, and report back to the Council when and how the software malfunctioned or was corrupted;

And, that the invoice for the technical and other support for Banyon be paid;

And, that all work on the new Asyst Software system cease until all data contained in the Banyon Software is accurate and complete;

And, place a moratorium on all unnecessary purchases and payroll overtime until the City of Menahga's finances are determined to be accurate and complete;

And, that the corrected and complete data be reviewed on February 22, 2021, or as soon thereafter by retired City Administrator Char West, retired Deputy Clerk Alvina Kytta, together with our City Auditor, Dean Birkeland, or any other necessary individuals with expertise with the Banyon Software and Menahga's finances, to verify the data is accurate and complete;

And, that the City of Menahga retain the auditing services of Carlson SV CPA's & Advisors for the 2020 Audit.

Council Action: Approved
 Defeated
 Amended: _____

