

Council Proceedings, August 16, 2023
Ishpeming, MI 49849

The special meeting of the Ishpeming City Council was held on Wednesday, August 16, 2023, in the Ishpeming City Hall Council Chambers. Mayor Jason Chapman called the meeting to order at 6:00 p.m.

ROLL CALL

Present: Mayor Jason Chapman, Council Members Lindsay Bean, Elizabeth Firby, Renelle Halverson, and Pat Scanlon (5). Also present was City Manager Craig Cugini.

APPROVAL OF AGENDA

A motion was made by Councilmember Firby, supported by Councilmember Scanlon and carried unanimously to approve the agenda as presented.

ANDERSON TACKMAN AND COMPANY: 2022 AUDIT PRESENTATION

Manager Cugini read a statement relating to the outcome of the 2022 Audit and the turnover that has occurred in the Finance Office.

Mike Grentz, Anderson Tackman and Company, reviewed the material weaknesses and recommendations which included Bank Account Reconciliations; Financial Reporting Package to Board; and Tax Account Disbursements and Supporting Documentation. He further reviewed the Significant Deficiencies and recommendations which included Assistance in preparing financial statements and footnotes; approval of disbursements; and expenditures over appropriations. He noted an extension was requested from the State for the audit due to the prevalence of errors in the general ledger. He believed Finance Director Grant Getschow was the right person for the position however he would need time to review and sort through the various issues. Bank account reconciliations must be done monthly. He further suggested moving forward the City may want to consider hiring a grant administrator (ie. CUPPAD) while the Finance Director continues to work on the issues. He pointed out when there is staff turnover, it is essential to ensure the work is getting done complete and correct.

Finance Director Getschow reported all the bank activity has been reconciled through May and the Tax and Common Accounts have been reconciled through July. He was working processing mapping for the Finance Department to help ensure work is getting done and deadlines are met and also felt it was very important for a Finance Director to have a degree in finance.

Councilmember Scanlon felt there was negligence in the Finance Office because of lack of knowledge and experience.

Councilmember Halverson expressed her concerns with how and why this happened with the finances at the City and was concerned with the budgetary decisions made at the August regular meeting.

Councilmember Firby and Mayor Chapman asked when the problems were uncovered in the Finance Office; Manager Cugini reviewed the timeline from when the problem was uncovered at the June 7th Council meeting and actions that were taken after.

Councilmember Bean pointed out protective measures were taken by City staff prior to finance staff departure but further noted nothing malicious was found, there was basically a lack of knowledge and experience.

Mr. Grentz reviewed the MERS Defined Benefit Retirement Plan and Act 345 Police Fire Pension, and, the deficit elimination plans for the Senior Center Construction Fund, Sewer Project Fund, and Brasswire Campground. There was discussion related to the City's credit rating which remained at a "A" but went from a "good" to "stable" rating and how that would possibly affect bonding.

Mr. Grentz advised any questions could be directed to him at any time.

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PUBLIC COMMENT

Claudia Demarest, 821 Maurice Street, questioned why some pages were not included in her copy of the audit; reviewed sections of the City Charter related the City Manager and noted she felt the City Manager was at fault for the condition of the Finance Department; and she expressed her concern with dollars spent at the previous meeting particularly the wage increase for full-time and part-time non-union employees.

ADJOURNMENT

At 7:22p.m., a motion was made by Councilmember supported by Councilmember and carried unanimously to adjourn.

Respectfully Submitted,



Cathy Smith
City Clerk