

April 30, 2015

Minutes of the special meeting of the city council of the City of Kingsford, County of Dickinson, and State of Michigan.

A special meeting of the Kingsford city council was held Thursday, April 30, 2015 at 6:30 p.m. in the council room in City Hall.

Roll Call: Present: Councilmember Baldinelli, Dixon-Miller, Flaminio, Groeneveld, and Smeester.
Absent: None.

Also present were City Manager Anthony Edlebeck, City Attorney Bruce Brouillette, Scott Kenney, CPA and Tina Martinson, City Treasurer.

The pledge of allegiance was stated.

A motion was made by Councilmember Baldinelli and supported by Councilmember Dixon-Miller to approve the agenda as presented.

The purpose of this meeting was to do a Treasurer evaluation.

There were no minutes, bills, communications, or manager's report presented at this meeting.

There were no public comments.

Under new business the only item is the treasurer evaluation. City Manager Edlebeck explained that during the later part of 2014 and the early part of 2015 the city has been going through the audit process with Scott Kenney, CPA the city's auditor. There were some difficulties encountered during that time, and the city had to hire Scott Kenney, CPA to go through all of the accounts and make sure everything was in order to complete the audit. Because of this, the audit process took longer, and the city was late in submitting the audit to the State of Michigan.

Scott Kenney, CPA addressed the council. He explained that last fiscal year he had some difficulties as part of the audit. His audit report identified three areas that he considered to be material weaknesses in the internal accounting controls. One of those areas is the bank reconciliations. Bank reconciliations are the key to any good financial accounting system and to knowing that things are recorded and not duplicated. He then read the definition of a material weakness. He also read an excerpt of his letter included with the audit. He informed the council that he received an email from the treasurer a couple of weeks ago detailing some difficulties that she was still having with the reconciliation process. She sent him a couple of examples of what she was doing to make sure she was on the right track. He was only provided a small amount of information, and he really needed much more information in order to answer the question. Without having these accounts reconciled, you don't know for sure that you have quality data that you're looking at. He stated that there's really no reason for the bank reconciliations to be off at all. In order for him to come in and begin the audit sometime following July 1, this has to be fixed. He stated that the treasurer is responsible for the bank reconciliations. The city hall staff has different functions of putting the data into the system, but the treasurer should have the overall knowledge to be able to put these pieces together in order to put together accurate financial statements for the council.

A lengthy discussion ensued with each of the council members asking questions of Mr. Kenney.

Next, city treasurer Tina Martinson addressed the council. She described what has been taking place in her office and in the accounting system.

Councilmember Smeester asked Ms. Martinson if she feels as if the work is overwhelming and if she thinks she "bit off more than she can chew." She stated, "No. Last year was overwhelming with change in personnel, labor contracts and changes in health insurance." Mr. Smeester asked her what she needs to help in this process. She stated that she's "pretty close to doing it." She stated that she's ready to do April, and have April's report ready for the second regular council meeting in May. Mr. Smeester then asked her what the auditor was talking about. She stated that he only has a snapshot of what she gave him. She understands that she can't be behind in balancing.

Councilmember Baldinelli asked Ms. Martinson if some of the problems are due to the way the Fund Balance accounting system is set up. She stated that some of it is. She stated that the way her mind works running all of the non-essential things through cash doesn't make sense. They should be put in isolated accounts where you can see that they're a liability or they've been paid. A big issue is the comingling of cash (putting it all in one account and having the system split it out). It would eliminate many journal entries that are done manually.

Councilmember Groeneveld stated that Ms. Martinson was talking about \$1,300 and \$26,000 (which sound like large amounts). She stated that, "It's not missing cash, it's in the system and the debits and credits tracking needs to be completed through where each amount has to be put to in each account." Mr. Groeneveld stated that in a month or so the council has to do a budget, and Ms. Martinson mentioned \$26,000 that has to be found and fixed. He stated, "My concern is we need to get this squared away." He asked Councilmembers Baldinelli, Flaminio and Dixon-Miller if the city has had to deal with anything like this in the past. Councilmember Flaminio stated, "Not that I recall."

City Manager Edlebeck stated to Ms. Martinson, that what's brought this all up is "we've had several conversations since last fall on this whole issue, and we've talked about making sure we're talking to fund balance (software support). We're talking about changing over the system, which isn't going to happen overnight because we're talking about changing from Fund Balance to BS & A which is a completely different system. Just the training on that is going to take several months." He stated that (the BS & A software) is going to be a substantial financial investment for the city. He also stated that he's concerned because we're at the last two months of the fiscal year, and "we've had these conversations over and over since January. When can we know that everything is balanced—two weeks, a month because if we have to get somebody in here to help, an outside source whether it's Scott Kenney or somebody else, we need to know next week where we're at." He's very close to getting the budget done, but he has some questions, and he would like to provide a draft of it to the council next week. He needs to know when everything is going to be balanced so we have good numbers.

Ms. Martinson stated that she has the January and February one to work on and the due to/due froms that are left which she's been working on. She stated she was going to have April's report ready for the next regular council meeting, but she can push that up. She said "Two weeks." Mr. Edlebeck stated that on Monday, May 4, 2015 he'd like an answer as to where things are at or what help we'll need.

City Manager Edlebeck stated that he had one other thing under new business and that is to set part-time wages for Amy Payant. She has left full-time employment with us, but she is willing to help out part-time. She will be helping out with the election next week because that was one of the duties that she had. I would like to set her part-time wages. What we've done in the past is because she is no longer receiving benefits of any kind, it would be her rate that she was being paid when she left plus her percentage of benefits, which is about 65 percent.

A motion was made by Councilmember Groeneveld and supported by Councilmember Smeester to pay Amy Payant as we have in the past, base wage plus fringe rate.
ALL AYES. NO NAYS. MOTION CARRIED.

There were no hearings or public comments.

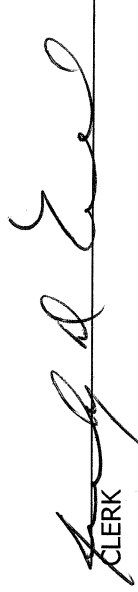
Under Councilmember's Privilege, Councilmember Groeneveld thanked Mr. Kenney for coming.

Councilmember Baldinelli stated that we won't know how much money we're working with for part of our budget until after the election next Tuesday.

There being no further business, a motion was made by Councilmember Groeneveld and supported by Councilmember Baldinelli to adjourn the meeting.
ALL AYES. NO NAYS. MOTION CARRIED.



MAYOR



CLERK