

VILLAGE OF WEBBERVILLE COUNCIL PROCEEDINGS

The Special meeting of the Webberville Village Council was called to order by President Hitchcock at 6:31 p.m. on August 21, 2019 in the Webberville Village Council Chambers.

Roll was called:

Present: Rusty Ackerman, Jim Greene, Brad Hitchcock.

Absent: Rob Oesterle (ex), Lisa Berger (resigned 8/13/2019)

Others Present:

Jaymee Hord	Clerk/Treasurer
Cary Vaughn	Michigan Department of Treasury
Roxanne Nicholas	Michigan Department of Treasury
Mike Forward	Michigan Department of Treasury
Eric Cline	Michigan Department of Treasury

The Clerk declared a quorum.
The Pledge of Allegiance was recited.

Approval of Agenda

Motion by Ackerman, second by Greene to approve the agenda as presented. Ayes all.
Motion carried.

2016 Village Audit–Michigan Department of Treasury (SMDT)

Cary Vaughn – Oversees all audits in Michigan and will be overseeing the meeting. Stressed importance of the findings and lack of control in the Village. He explained who would be taking which rolls for the report at this meeting. Roxanne Nicholas would be reviewing the deficiencies. Mike Forward would be discussing the financials and Eric Cline would be discussing the path forward.

Cary Vaughn – The Village is in a hole and has to shovel its way out and the SMDT will help along the way. The SMDT spent 678 hours on this audit. Each Council Member is responsible for the “running of the Village”. He encourages the “pest” in the Village to make sure things are running smoothly. The 2015 Audit had a disclaimed Opinion and the 2016 Audit will have a disclaimed opinion as well. There were many unsupported official documents in the Village. Everything should be neat and orderly for the audited reports.

Mike Forward went over the highlights on the financials of the audit.

2016 looked financially stable. No financial collapse.

The Net Position is healthy.

The Unrestricted Net is positive.

37% of the funds would cover all expenditures The Fund Balance is approximately 37%. Normal Fund Balance is 15 – 20 %, so the Village is in good position with Fund Balance. Major and Local Street had large drop in funds due to Act 51 money being held for non-audited years.

Enterprise Funds are going well. No deficiencies, good Fund Balance.

Good revenue position - does not include depreciation.

Need to watch the Webberville Downtown Development Authority Debt Position.

The assets were not depreciated.

The debt is manageable.

There is no OPEB.

Retiree Pensions are well funded. 89% at the time.

Roxanne Nicholas discussed all of the deficiencies. She went over the material weaknesses. Most of these had a manager's response and an action plan. It was discussed that the Council should play a greater role in the workings of the office and they should pay attention to the effects in the reports.

Lack of Monitoring – as Cary Vaughn mentioned in the opening the Council has failed to monitor the internal controls of the Village.

The Village Council will implement policy and procedures for the Village and follow them. The Clerk/Treasurer will also supply the Council with more reports at the Council meetings and the Council Members will visit the Office more often to review and observe.

Segregation of duties. There was a lack of segregation of duties. One person should not be receiving, processing and taking payments to the bank.

At the time the Village only had one person working most of the time. They now have three employees in the Office and duties are being split up.

Bank Reconciliations were not done in a timely matter.

Discussion was held regarding Ackerman doing monthly checks on all of the bank reconciliations. The Clerk/Treasurer and a Trustee will sign off from them when completed. The Bank Reconciliations Report will be included in the Council Packets under the Consent Agenda.

Payroll and Related Withholdings. Payroll was done completely by one person. There were missing documents. The President's signature was missing on timesheets, the 941, State Withholdings and the Unemployment Taxes were not filed. Overtime was paid without written approval from the Village President.

The President will at least verbally approve all overtime until he can get in to sign the documentation, he will also sign all timesheets and work logs. The Clerk/Treasurer will supply Payroll Reports in Council Packets under the Consent Agenda. There will be policies and procedures put into place regarding these actions. Taxes are being paid and the agencies are letting the Clerk/Treasurer submit requests to avoid penalties.

Disbursement Procedures. There were missing approval signatures and supporting documents in the disbursements. High number of voided checks. Check stock not locked in the safe. Lack of consistency in documentation and processes. Mike added that filing the accounts payables in alphabetical order with the newest being in the front of the file. They suggested maybe using a form with the information that would be needed to process disbursements rather than the vouchers.

The Office will start attaching invoices, check stubs, and supporting documents to the vouchers. The Office keeps a binder that has all of the accounts payable reports in it.

There will be policies and procedures put into place for the Disbursement Process.

Checks will be stored in the actual safe and not just the "safe room".

The Council asked about the credit card usage and if they should just do away with them.

The auditors responded that many communities have them that the Village just needs an updated policy and then it needs to be followed, but ultimately it is up to the Council to decide if they want them or not. They said just make sure monthly that the documentation is with the statements.

Rob Oesterle arrived at 7:39 p.m.

There were monthly premiums that were paid late for Health Insurance.

The Village will implement policies and procedures for this.

Tax collection is not accounted for in the general ledger. They suggested that the Village establish a fiduciary fund within the accounting system.

Tax collection is accounted for in the general fund but the ledger is not in the system. It is a separate account in a separate bank. The software company said we could do this by setting up a separate bank in the software so it will tie into the bank reconciliation and be computerized.

Non-Compliance with the Bond Ordinance. The Bond Ordinance states that the Village is required to transfer amounts equaling or one half to the next upcoming principal and interest payment.

The Clerk/Treasurer never read the complete Bond Papers but the payments were made and the Bond is now paid off. The Village will implement policy and procedure for future bonds and the Council will receive reports.

Failure to file the F65, Act 51 and Annual Audit Reports.

The audits will be done in a timely matter and the reports will be filed on time along with copies put in the Council packet at the next Council meeting after they are filed. The Clerk/Treasurer has now had some training with these reports – the auditors used to always file them for the Village. She will contact Laura at Act 51 again regarding the reporting prior to audit completion.

Non-Compliance with the Uniform Chart of Accounts.

BS&A has the Village on the list to convert all accounts to the Uniform Chart of Accounts.

Village Council Minutes – there were a couple of sets of minutes missing.

Adoption of Village General Appropriation Act and Public Notification of Hearing on Budgets. The Village failed to publicize the public hearing for the meeting for the budget

adoption. The budget must have opening and closing motions. Publication must be 6 days prior to holding the hearing; the print must be at least 11 point bold print.

They informed the Village that the notice had to be publicized in a paper that was distributed locally and in the county of the Village. The Village responded that there is not a paper from this county that is distributed that we have always publicized in the Fowlerville News and Views that has a Webberville Section. They said that we could put it other places, but the above must be done as well. This applies for all public hearings as well.

Open Meetings Act. The Village did not give a reason for the Closed Meeting in October of 2015.

Social Security Number Privacy Policy. The Village has not adopted this policy.

Cary Vaughn and Eric said they would get a copy of this to Rusty Ackerman. The Village will do this for the Village and have their attorney review it then adopt it.

Expenditures in excess of Appropriations. This may have been because of the wrong use of the Chart of Accounts.

The Council will do quarterly amendments.

Unlawful Expenditures. This has to do with the Village paying the utilities for the food bank. They recommend that the Village discontinue appropriating and expending funds for the Food Bank.

They suggested that we talk to the Village Attorney regarding this matter. Community Foundation. Community Service. There was a long discussion regarding this matter.

Eric Klein Talked to the Village about moving forward. He discussed the roles that he has held in Municipal Government and with the State of Michigan. He says the Village needs a more detailed corrective action plan and we will probably for the next two years. He talked to them about the Fiscally Ready Community classes that are available and provided a list of dates. He did say that they can do individualized sessions with communities. He suggested that the Council form a subcommittee with less than a quorum. Two council Members, the Clerk /Treasurer as staff to the Committee – maybe with Eric Klein as the point man of this Committee. He suggested meeting at least every other month with a phone call with a Council Member and him on the off months. He gave the Council a suggestion regarding the September 16th class at the Lansing Center.

Adjourn

Recommendation by President Hitchcock to adjourn at 8:55 p.m. So moved by Ackerman, second by Oesterle. Ayes: all. Motion carried.

Respectfully Submitted,
Jaymee Hord, MiCPT
Clerk/Treasurer