

**VILLAGE OF NEWBERRY
VILLAGE COUNCIL MEETING
ELECTRONIC MEETING – SPECIAL SESSION
Tuesday, MARCH 2, 2021
Meeting Location: ZOOM CONFERENCE CALL
Meeting Time: 6:00P.M.**

1. **VIRTUAL WAITING ROOM OPENED – By VM**
Join Zoom Meeting: <https://us02web.zoom.us/j/89380462624>

By Phone: 1-888-475-4499 or 1-877-853-5257
Meeting ID 893 8046 2624#
2. **PARTICIPANTS BRIEFED ON PROCESS FOR PUBLIC PARTICIPATION – By VM**
 1. Calls will be listen-only mode during business portions of the meeting
 2. Callers will be unmuted individually during each public comment section
 - i. Callers will be identified by the last four digits of their phone number or by their computer login information
 - ii. Each caller will be asked if they would like to comment – comment is not required
 - iii. Caller must identify themselves by name and address before speaking or will not be able to proceed with comments
 - iv. Callers will be held to a 3min time limit
3. **CALL TO ORDER – By VP**
4. **ROLL CALL – reminder: public body participants must state the location they are calling in from**
5. **APPROVAL OF AGENDA**
6. **APPROVAL OF MINUTES**
 1. Village Council –Regular Electronic Session – February 16 – request to table until next regular session on March 23, 2021
7. **PUBLIC COMMENTS ON AGENDA ITEMS – Prior to consideration of official business, citizens may speak to a subject on today’s agenda. Please stand at the podium provided and limit comments to 3 minutes.**
 1. Facilitated by VM
8. **UNFINISHED BUSINESS**
 1. 2019 Audit
 - a. Discussion and decision on agency & funding to finalize audit
 2. 2020 Audit
 - a. Discussion and decision on agency & funding to complete the audit
9. **PUBLIC COMMENT – At the conclusion of the official business and public hearings, the agenda provides for public comment on any other matters citizens may wish to bring to the attention of the Village Council. Please limit comments to 3 minutes.**
 - Facilitated by VM & Clerk
10. **ASSIGNMENT OF PUBLIC COMMENT RESPONSE**
11. **COMMENTS BY COUNCIL MEMBERS**
12. **ADJOURNMENT – SPECIAL SESSION**



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

CONTRACT ADDENDUM

Draft

Whereas, the contract dated January 16, 2019, for the audit services conducted by the Michigan Department of Treasury for the Village of Newberry for the year ended December 31, 2019, included an estimated 150 hours to complete; and

Whereas, the same contract stated, "The hours are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. The Department of Treasury reserves the right to increase the estimated hours agreed to in the contract if we determine from the circumstances that the estimated work hours are insufficient to complete the audit. The Department of Treasury shall suspend the audit work and notify the Village of Newberry of the necessity of additional audit hours. If agreement cannot be reached between the parties, a limitation in audit scope may affect the audit opinion rendered."; and

Whereas, upon conducting of the audit of said year, it is determined that additional work was necessary due to the state of the books which was not made a part of the original estimate of hours necessary to complete the audit.

Therefore, the Michigan Department of Treasury is requesting an additional **80** hours at the stated contracted rate of \$115 per applied audit hour.

In witness whereof, the Village of Newberry and the State of Michigan, by the Department of Treasury, have executed this addendum to the contract dated January 16, 2019 (FYE 12/31/2019), as indicated by the authorized signatures below.

VILLAGE OF NEWBERRY

STATE OF MICHIGAN

By: _____

By: _____

Administrator

Title: _____

Date: _____

Date: _____

Witness: _____

Witness: _____

Witness: _____

Witness: _____

From: [REDACTED]
To: [Allison Watkins](#)
Cc: [Newberry Finance Dept.](#)
Subject: RE: Village of Newberry - 2019 Audit assistance
Date: Wednesday, February 17, 2021 11:22:16 AM

Hi Allison,

It was nice speaking to you again this morning.

Our hourly rates for temporary assistance are:

- Accounting Consultant - \$130
- Sr. Accounting Consultant - \$150
- Manager - \$180
- Sr. Mgr - \$240
- Partner - \$320

Most of the work you and I discussed would be performed by either the Consultant or Sr. Consultant, depending on our own internal staffing capacity. The higher billing rates would only be for supervisory or quality control time.

As we discussed, it might make more sense to allow the State to finish the work related to 2019 as they are already immersed in the issues. In order to prevent a similar situation for 2020, our team could work with Gary to get the Village ready to be audited and provide the auditor "an audit in a box".

If you would prefer to have an audit firm conduct your audit for 2020 instead of Treasury, I can give you some references for smaller firms that should be quicker to complete the work. If you are interested in this, the RFP should go out soon if the Village will complete it's audit by 6/30.

Please let me know how we can assist you.

Brian J. Camiller, CPA | Partner

27400 Northwestern Highway, Southfield, MI 48034

Direct Dial: 248.223.3840 | Fax: 248.233.8515 | [REDACTED]

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Newberry Finance Dept.

From: [REDACTED]
Sent: Tuesday, February 23, 2021 8:41 AM
To: Newberry Finance Dept.
Subject: RE: Audit

Hi Gary,

We have the week of March 15 open and then more time in May. We could even start this week. How soon would thing be ready?

Thanks
Ken

From: Newberry Finance Dept. <finance@newberrymi.gov>
Sent: Tuesday, February 23, 2021 8:22 AM
To: Ken Talsma <ken@antack.com>
Subject: Audit

Hi Ken,

Have you looked at your schedule and see when you could do the Village audit if given the opportunity.

Gary



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RECEIVED
DEPT. OF TREASURY
MICHAEL EUBANKS
STATE TREASURER
JAN 29 2019

January 16, 2019

LOCAL AUDIT & FINANCE DIV.

We are pleased to confirm our understanding of the services we are to provide the **Village of Newberry** for the years ended **December 31, 2018, December 31, 2019 and December 31, 2020**. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the **Village of Newberry** as of and for the years ended **December 31, 2018, December 31, 2019 and December 31, 2020**. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the **Village of Newberry's** basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the **Village of Newberry's** RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules
- 3) Schedule of Funding Progress for any pensions or other postemployment benefits if applicable.

We have also been engaged to report on supplementary information other than RSI that accompanies the **Village of Newberry's** financial statements. We will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the **Village of Newberry** and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the **Village of Newberry's** financial statements. Our report will be addressed to the **Village of Newberry**. We may make reference to another audit firm of a component unit in our report on your financial statements or our audit may include performing procedures on the financial information of a component unit or we may request other auditors to perform procedures on the financial information of a component unit to enable us to express an opinion, if applicable. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the **Village of Newberry** is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories (if applicable), and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the **Village of Newberry's** compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We may also assist in preparing the financial statements and related notes of the **Village of Newberry** in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services, if performed, do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited

financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance (if assistance was given) with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the **Village of Newberry**; however, management is responsible for distribution of the reports and the financial statements except to the Department of Treasury's website. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of the Michigan Department of Treasury and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal or state agency or its designee, providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Michigan Department of Treasury personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulatory body. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit when the Community Engagement and Finance Division has personnel available to perform the audit. The audit section manager is responsible for supervising the engagement and the division administrator is responsible for signing the reports.

Our fee for these services will be at our standard hourly rate of \$115 and will not exceed **150** hours for each fiscal year. If it takes us less time than this, we will bill for less. This fee is all inclusive, covering salaries, fringes, travel, out-of-pocket and all other expenses incidental to the conduct of the audit and the issuance of the report except for bank account balance confirmation fees if applicable. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate. The Department of Treasury will provide the **Village of Newberry** an electronic version of the audit report in a portable document format (PDF) file via email. If the **Village of Newberry** would like a paper report, please request how many copies are needed.

We appreciate the opportunity to be of service to the **Village of Newberry** and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return it to us. *In accordance with auditing standards, you may find our peer review report at the following link:*

http://www.michigan.gov/documents/treasury/Local_Audit_System_Review_Report_571565_7.pdf

VILLAGE OF NEWBERRY

STATE OF MICHIGAN

By: Jennifer James-Martin By: Rod Taylor
Administrator

Title: Village Manager Date: 2-19-19

Date: 1/23/19

Witness: Michelle Baynton Witness: KAB

Witness: Samantha Seese Witness: Cynthia Koresak