

Newberry Village Council  
Special Session – Presentation Department of Treasury and Plante Moran  
October 3, 2018  
Newberry High School Auditorium  
6:30 p.m.

**Present:** President DeWitt, Trustees: Brown, Dishaw, Hardenbrook, Hendrickson, Hitts.

**Absent:** None.

**Also Present:** Village Manager - James-Mesloh, Allison Watkins, Clerk - Schummer, Brian Camiller (Plante Moran), Eric Cline (Dept. of Treasury), Brenda Gartland (Dept. of Treasury), Jeff Jocks, Glenn Keates, Larry Steckelberg, Charles Medelis, Cliff Fossitt, George Blakely, Sterling McGinn, Jim Diem, Catherine Freese, Lori Stokes, Eric Buckler, John Bergman, Susan Bergman, Michelle Baynton, Tim Baynton, Scott MacInnes, Robert Stevens, Mary Labadie, Donald Ratliff, Martha Ratliff, Paul List, Chuck Pipes, Tina Pipes, Cindy Smith, Rebecca Handa, Michael Winn, Amy Winn, Greg Rathje, Carryn DeWys, Don Eglston, Gary Moulton.

**Call to Order:** President DeWitt called the meeting to order at 6:30 p.m. at the Newberry High School auditorium, 700 Newberry Ave. The Pledge of Allegiance was recited.

**Approval of Agenda:** Moved by Brown, support by Hendrickson, **CARRIED**, to approve the agenda. Ayes: All.

**Minutes:** Tabled until the next regular session.

**Village President Announcements:** Thanked everyone for coming.

**Public Comments:** None.

**New Business:**

1. **Overview of Financial Practices, Eric Cline, Department of Treasury.**

Mr. Cline works with local governments that are under stress or believe they are under financial stress. They were initially put into contact with the Village about a year and a half ago by the Michigan Economic Development Corporation in conjunction with the Rising Tide program.

2. **2017 Audit Findings, Brenda Gartland, Department of Treasury.**

Ms. Gartland presented a handout entitled ‘Schedule of Findings and Responses, Fiscal Year Ended December 31, 2017. She went over the handout and answered questions. Ms. Gartland stated that the final copy of the Audit has not been finalized but should be ready in a week or two.

3. **Financial Health Assessment: 10-year Analysis, Brian Camiller, Plante Moran.** Mr. Camiller gave a presentation regarding the Village accounting and answered questions. The following are takeaways from his presentation:

**General Fund:** He stated the Village General Fund is supporting other funds by either lending or outright giving away its cash. The Sewer Fund has borrowed so much that the General Fund has little left to give. If the General Fund does not stabilize or start to collect its receivable from Sewer, the General Fund cannot support other projects. If the Village suffered a financial emergency, General Fund may not have enough cash to take care of it.

**Major and Local Street Funds:** The Village is appropriately spending all of its street funding on projects. The General Fund has been subsidizing street projects when the Major and Local Street Fund does not have enough money. The General Fund cannot subsidize projects any longer until the General Fund stabilizes and rebuilds its cash position.

**Enterprise Funds:** Enterprise Funds are underfunded – Sewer is severely underfunded. The 2017 rate increase was necessary. We should expect more rate increases for all 3 Enterprise funds. The Sewer Fund is heavily borrowing from the General Fund and impairing General Fund’s ability to operate. Sewer needs to collect its non-resident receivables or else the necessary rate increases to the Village customers will be even greater.

**Legacy Costs:** Pension is adequately funded for now, but the funding percentage has been in decline for years. The Village has not set aside any money for OPEB because it has not been required to do so. The Village owes its employees and retirees \$2.8 million for these 2 benefits.

All funds that have employees or retirees should be contributing toward these benefits.

**Personnel:** Village full-time employee total has stayed very consistent. The average compensation for full-time employees has been under \$40,000 a year. The financial difficulties the Village has experienced are not tied to personnel wages.

**Financial Health Assessment:** All funds are interconnected and interdependent, if one fund falters, the other funds are affected. The enterprise funds, (water, sewer, electric) are underfunded, expect more rate increases. The General Fund cannot afford to continue subsidizing Sewer and other funds to this extent. General Fund must be protected and stay strong. The Village needs to fix the enterprise funds to fix the General Fund to provide service and meet it's obligations.

4. Closing Comments, Eric Cline, Department of Treasury: He stated the Village needs to set goals, prioritize, and get them done, as there is a lot to take care of. He stated that the Village needs to expand and implement written policies, update all ordinances and provide training for all employees including board and commission members.

**Public Comment:** Eric Buckler – Newberry, Mike Winn – 607 Newberry Ave., Lori Stokes – 301 W. John, Jim Surrell – 416 W. Ave. B.

**Comments by Council Members:** Comment heard from Brown.

**Adjourn Meeting:** Moved by Hitts, support by Hardenbrook, **CARRIED**, to adjourn the meeting at 8:10 p.m. Ayes: All.

These minutes are unofficial until voted on at the next meeting.

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Terese Schummer, Clerk

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John Dewitt, Village President