

Let Me Begin-- This is my report to the Board on the Clerk's office with issues of Transparency, Financial Fiduciary Irresponsibility, Election Integrity & Efficiency, and Office operations Efficacy.

Over the last 10 days I have learned that Tuscarora Township has been featured in a video that has gone viral nationwide, comparing us to election corruption in Wayne Co. This is a complete embarrassment for our small community. Additionally, I have recently learned that a criminal complaint concerning our November 8th election process has since been referred from the Cheboygan County Sheriff to the County Prosecutor. The Prosecutor has since referred the complaint to the Michigan Attorney General's Election Division.

On the day of our election, I was greatly concerned that our citizens waited up to 2 hours, in the cold, with lines backed up to McClutchey's Store, just to exercise their right to vote. To my knowledge, this has never happened in our township before.

This is absolutely unacceptable!

Let me make this very clear... this is in **NO WAY** a reflection of the dedicated and hardworking election workers and observers, all of which worked 12-16 hour straight, many with no breaks. I appreciate their dedication, and applaud their commitment to this community.

Rather, this is a reflection on the former Township Clerk, who was ultimately responsible for the planning and management of the elections.

... Our Citizens deserve better.

... Our Election Workers deserve better.

... This Community deserves better.

I pledge to this community, to those election workers, and to this Board, that we **WILL** do better.

This is my proposed solution...

- I have already purchased the **approved ballot security bags** that caused the violations that were cited in the video and the criminal complaint.
- I have **ordered an additional tabulator to fill the requirement of an additional precinct**, which will arrive in days. I am coordinating my efforts

with County Clerk Karen Brewster, of which I am grateful to have a good working relationship.

- In order to reduce long voter wait times, **I have ordered additional Poll computers.**
- The Former Clerk took weeks to deliver Absentee Ballots, while other townships took days. I will make sure these will be mailed promptly, to ensure everyone has the opportunity to vote on time.
- To further insure election security, I am obtaining bids to provide 24/7 video surveillance of our outside ballot drop box, as required by Michigan law.
- During the next Budget cycle, I will approach the Board with an Elections Budget that will provide the resources necessary to help prevent this from ever happening again.

There have been numerous issues that I and my Deputy Clerk have had to immediately address upon taking office that were challenging in the least. These issues include...

1. **Workman's Comp Penalty** The Former Clerk ~~was~~ issued and paid a \$10k non-compliance penalty for ignoring the audit that was required by our Workman's Comp Insurance Company. I was also informed that an **ADDITIONAL** \$10k penalty will be charged if the audit is not conducted.
  - I am currently gathering the missing documentation and am currently working with the insurance company to comply with whatever other requirements they will need to complete their audit, and hopefully avoid any additional charges to the Township.
  - The insurance company has informed me there may be a **chance** to recoup some of the prior penalty if we comply.
  - Why was the Board not informed of the audit or the \$10k penalty?
2. **Employee Records** Workman's Comp codes in our accounting system were missing or incorrect. For example, the Assistant Assessor, who visits private properties, was coded as a Librarian, among other discrepancies. Why does this matter? This is the type of data (ie attention to detail) that may be required for the Workman's Comp Insurance Audit, and this could reflect on how much our premiums may be.
  - I am correcting the codes and other discrepancies in preparation of the upcoming audit.

3. **IRS Notice** I received a notice from the IRS that the Township failed to pay the 3rd quarter taxes and tax returns accurately. It required an \$8.5k payment to the IRS, including penalties and interest. The Deputy Clerk will speak to this issue, which required extensive work to determine if / or how much money we owed the IRS. This is tax season, and it was vitally important to get the necessary W-2's and 1099's out to the employee's and vendors on time.

- This was an enormous task, and if not corrected, would have negatively affected every employee's tax return. With the assistance of my Deputy Clerk, this issue is being addressed and she will comment.

4. **GL Budget Amendments** There was failure to perform the accounting responsibilities for Budget Adjustments that were necessary to keep the accounts balanced. She neglected to bring many budget adjustments forward to the Board, failed to properly apportion shared expenses across multiple departments, including elections, and failed to provide our year-end audit documents in a timely manner to the auditors. It is unfortunate that these delays and complications doubled the workload, and increased the cost of the audit.

- I have corrected the budget imbalances, and I am already working with the auditors to assure that my office will be prepared for our 2022-23 year-end audits. We are fortunate to have a Deputy Clerk, who is a CPA and Auditor. Her experience will ensure that the audit process will go as smoothly as possible.

5. **Compensation Accounting** The Former Clerk attempted to make the General Ledger and Budget entries unnecessarily complicated. Her "accounting process" would require every department, for which Park's does work, to have wage and FICA budgets for Park's employee wages versus a centralized account. This "creative accounting system" was set-up to use funds from other departments to pay Park's wages, rather than use a generous budget within the Parks Department. It was setup to cover work across all departments. In addition, The Board sets compensation budgets that must not be changed without Board approval. The former Clerk's "accounting process" offered no benefit to the present system.

- My corrections will make the Budget entries more uniform, less complicated, and less prone to error when collecting data from all departments for payroll.
- Park's employees have always performed work for other departments and their budget was set-up to cover these expenses. Again, the employees are dedicated to their work – this is a leadership issue.

6. **Personnel & Vendor Records Details** There was a failure to maintain proper records with employees, vendors, and sub-contractors. This included missing W-9's, up to date Certificates of Liability Insurance documentation, and missing agreed upon payroll deductions and employee leave agreements. I am also told that vacation and casual leave documentation is not up to date.

- This was a great disservice to our employees, but these issues are being corrected.

7. **Credit Card Management** There were problems with Credit Cards. The Former Clerk created a "Business Credit Card" for the Township. She used her personal name and personal social security number to establish the account, and had complete control of the account, even after she left office. She not only put her own credit score at risk, she put the Township's at risk as well. These cards were issued to the Police Department, the Library, the Park's Commission, and to the Office. Not surprisingly, there were some fraudulent purchases on that account, and she subsequently cancelled the account without prior notice.

- Fortunately, I had already submitted the necessary applications for a "Community Credit Card" on behalf of the entire Township. The application has been approved and the cards have been delivered.
- There was an additional problem with a Shell Credit Card, for which I take full responsibility, but it has been corrected as soon as I was made aware of the issue in late December.

8. **Township Records Management** Proper security for Township Records is a problem. I have found that "Record Management" has minimal restrictions on who can access records without any formal check-out process, or restrictions on where records can be taken and for how long, and if they have been returned.

- Security of Township Records is important, and I take my statutory duty of being responsible for those records seriously. File cabinets are being organized, and I have instituted a procedure for viewing records. We are also looking into the possibility of having security cameras placed in the building. This will improve security for the Township employees and the public. We

had door locks changed, and in doing so, there was an unintentional oversight in coordination with all stakeholders, of which I sincerely apologize, but rest assured that will not happen again.

9. **MESSA Healthcare Insurance Premiums** The Former Clerk was notified in October that the MESSA Insurance payments would have a rate increase starting January 1st, and payable in December. I was not notified of this change.

- When we were notified by MESSA in January of the incorrect deductions, we had to play "catch up" to rework the required changes for the employees, but this has since been corrected.

At this point, I will let my Deputy Clerk, Jan Dillaha, present an update of the work she has been doing.

#### FINAL THOUGHTS:

The financial records of this Township were unacceptable. These include the General Ledger, Budget, sparse documentation of employee Payroll approved deductibles, tax payments, tax returns, and my Deputy Clerk and I are repairing all the operational issues as fast as we can, while continuing to meet our statutory duties. Let me be clear, mistakes are made by everyone, including myself. None of us are perfect, however; the financial risk level of these mistakes is serious and unacceptable. We are correcting them as quickly as possible.

Early last fall, I had asked the Board to develop a transition process that would have minimized most of these issues, but the Clerk refused the request. I was laughed at and publically ridiculed. You may recall the former Clerk had the Supervisor "half-heartedly" read my written request at a Board meeting... but the truth is, they were really laughing at the citizens and our employees, all of which relied on a smooth transfer.

This has been a report to the Board on the issues that we found, corrected, or have corrections in process. Why? I need this Board to support further improvements in Transparency, Financial Fiduciary Responsibility, Election Integrity and Efficiency, and Office operations efficacy rather than "this is the way we have always done it". This report focused on the office of the Clerk. There are other opportunities for improvement that will be brought to the Board in the near future.

In the months ahead, I am developing a monthly schedule to outline the timetable and dates for each Deliverable due from the Clerk's office, including elections. It will eventually be expanded to address other Township Deliverables, such as Budget, Grants, Brining, etc. Processes will be documented with procedures and standardized work to enable the implementation of our recently passed Township of Excellence Administrative policies.

I will also do my best to communicate better to the other Board members, other departments, our employees, and the citizens. We are all in this together, and when our elected officials have the proper support to succeed, the people of this Township will reap the benefits.

Thank you.