Observation and Questions
To The
Margaret City Council

Observations: It would appear that the author of confusion is celebrating and laughing at us. We argue and threaten to fight one another while it appears City Funds are disappearing without explanation. We as a City are made to look totally incapable of governing ourselves across the entire state while our check books appear to be in question. **To the Council please answer the following questions:**

1) Can we as Citizens get copies of any and all documents (including copies of any and all checks) related to the pavement project on Brookhaven Drive, including signed approval of participation from the Saint Clair County Commission.
2) Is the City of Margaret currently using Quickbooks or similar instruments for its accounting tabulations for all City accounts? If so, does that system meet GAAP requirements?
3) Who are the Principal Signees on ALL City Bank Accounts?
4) When this administration took office how much money in ALL accounts total did the City of Margaret have? How much money in total does the City have now?
5) What is the current Bond obligation the City owes? What is the City's current Bond rating? Is the City's Liability Insurance up to date?
6) Will the Council please hire a Legal Council to represent themselves and the Citizens that voted for them to represent the Citizens of the City of Margaret?
7) **What happens if the City fails financially?**

OBSERVATIONS AND CONCERNS REGARDING THE CITY'S FINANCIAL REPORT

There is growing concern among citizens that the recently presented financial report to the City is inadequate, unreliable, and insufficient to provide the level of financial transparency and accountability taxpayers deserve.

In fact, many believe it was poorly presented and is nothing more than **FINANCIAL REPORTING TRASH!**

Three Fundamental Reasons Why the Report Falls Short

1. Lack of Appropriate Financial Oversight and Internal Controls

A credible municipal financial reporting process should not operate under the sole oversight of the Accounting Clerk and the individual responsible for preparing, authorizing, or supervising the issuance of City checks. Especially when those persons do not have an Accounting Degree and that person is believed to be the mayor.

Proper financial management requires appropriate separation of duties, independent oversight, and accountability. These responsibilities should not be concentrated in individuals without the necessary accounting qualifications and professional expertise.

If the Mayor is directly involved in supervising or controlling these financial activities, that arrangement raises additional questions concerning the City's internal controls and financial accountability.

2. Reliance on QuickBooks without Demonstrating Municipal Accounting Compliance

The financial report appears to have been generated using QuickBooks accounting software.

Although QuickBooks can be a useful accounting and bookkeeping tool, simply generating reports from this software does not establish that the City's financial records satisfy all applicable governmental accounting, reporting, and compliance requirements.

Municipal financial reporting must be structured to meet the applicable governmental accounting standards, including requirements established by the Governmental Accounting Standards Board (GASB), where applicable.

3. Questions Regarding GAAP Compliance and Forensic Audit Readiness

A financial report generated solely from QuickBooks does not, by itself, establish compliance with Generally Accepted Accounting Principles (GAAP), nor does it demonstrate that the City's financial records are sufficiently documented and organized to withstand an independent financial or forensic audit.

A credible financial reporting process must include appropriate supporting documentation, reconciliations, verification of transactions, proper account classifications, and an adequate audit trail.

Without these essential elements, citizens have no reasonable basis to assume that the report provides a complete, accurate, and independently verifiable picture of the City's financial condition. Again, so many believe this report presented by the mayor is **TRASH!**

THE BOTTOM LINE

The citizens of this City deserve more than a spreadsheet or a collection of numbers generated by an accounting program.

They deserve a professionally prepared, independently verifiable municipal financial report that demonstrates transparency, accountability, sound internal controls, and compliance with applicable governmental accounting standards.

Suggestions for the City Council: Municipal Accounting Systems

The City Council should seriously consider evaluating and transitioning to a municipal government accounting system specifically designed to accommodate governmental accounting, fund accounting, financial reporting, and applicable GASB requirements.

Three potential systems for consideration are:

- **Tyler Technologies – ERP Pro -** A municipal government financial management and enterprise resource planning solution.

OBSERVATIONS AND CONCERNS REGARDING THE CITY'S FINANCIAL REPORT

- **Edmunds GovTech -** A government-focused financial management and accounting system designed to support municipal operations.

- **BS&A Cloud -** A municipal government software platform. Its General Ledger is designed to support governmental fund accounting, GAAP-based financial reporting, and GASB reporting requirements.

The objective should be to establish a reliable, transparent, and professionally managed municipal accounting environment—not simply to purchase another software package.

PROFESSIONAL LIABILITY AND THE NEED FOR LEGAL COUNSEL

THE CITY COUNCIL HAS A PROFESSIONAL AND FIDUCIARY RESPONSIBILITY TO EXERCISE APPROPRIATE OVERSIGHT OF THE CITY'S FINANCIAL OPERATIONS.

It is the opinion of some citizens that the City Council should immediately engage qualified independent legal counsel to evaluate the circumstances surrounding the City and the City's financial reporting practices.

This recommendation is made for the protection of the individual Council members, the City Council as a governing body, and the City of Margaret itself.

Legal counsel should be asked to review:

1. The City's financial reporting procedures and internal controls.
2. The respective financial oversight responsibilities of the Mayor, Accounting Clerk, and City Council.
3. Whether appropriate separation of financial duties exists.
4. The City's compliance with applicable municipal financial reporting requirements.
5. Whether an independent financial audit or forensic examination is warranted.
6. Whether corrective action is necessary to protect the City's financial interests and the individual responsibilities of its elected officials.

The Council should not assume that the financial reporting process is adequate simply because a report has been presented or accepted.

Seeking independent legal advice and professional accounting guidance now may help prevent more serious financial, administrative, or legal complications in the future.

The citizens of Margaret deserve more than a spreadsheet or a collection of numbers generated by an accounting program under the direction of the mayor.

They deserve a professionally managed municipal accounting system, appropriate internal financial controls, transparent reporting, independent oversight, and compliance with applicable governmental accounting standards.

The City Council has an obligation to ask questions, demand appropriate documentation, and ensure that the City's financial reporting practices protect the interests of its citizens and taxpayers.

Until these fundamental concerns are addressed and the City's financial records are independently examined, the credibility and reliability of the financial report remain in serious question.