

Augusta Charter Township
Regular Meeting
8021 Talladay Road
PO Box 100
Whittaker, MI 48190
November 26, 2013

1. Meeting called to order at 7:00 pm.
2. Pledge of Allegiance.
3. Roll Call: Present: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Absent: None.
4. Motion by Giszczak, 2nd by Hafler to accept the agenda as submitted. Motion passed.
5. Motion by Giszczak, 2nd by Howard to approve the October 22, 2013 meeting minutes as amended. Motion passed.
6. Public comments opened at 7:09 pm and closed at 7:09 pm.
7. Motion by Giszczak, 2nd by Todd to incorporate into the record the year ending March 31, 2013's audit report as submitted and given by Auditor:

ROBERTSON
E A T O N
&
O W E N
P.C.

Board of Trustees
Augusta Charter Township, Washtenaw County, Michigan
Whittaker, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Augusta Charter Township, Washtenaw County, Michigan as of and for the year ended March 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Augusta Charter Township, Washtenaw County, Michigan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Augusta Charter Township, Washtenaw County, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Augusta Charter Township, Washtenaw County, Michigan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in Augusta Charter Township, Washtenaw County, Michigan's internal control to be material weaknesses:

MATERIAL WEAKNESS

2013-1

Last year we reported a significant deficiency 2012-1 that explained the requirement of Michigan Department of Treasury, "Uniform Accounting Procedures Manual" Chapter 2 – Bank accounts deposits and reconciliation ; and Accounting Procedures Manual for Local Units of Government in Michigan, Chapter 3 – Bank and Investments Accounts. The township Treasurer is the legal custodian of all township funds and must make all deposits in the various township accounts established for each fund. The township board of trustees designates in their minutes, the bank accounts to be used. No other official of the Township can deposit funds into the bank account, but must receipt and list the amounts and give to the Treasurer. It is the responsibility of the Treasurer to reconcile all bank accounts. After completing the reconciliations, the Treasurer will provide to the Clerk the reconciliations for review.

With reference to the Tax Collection account, the Treasurer is responsible for all transactions, including disbursements. Disbursement out of the Tax Collection account does not require dual signatures but does require the Treasurer to provide copies of the checks written, with appropriate original documentation to the Clerk. Appropriate documentation does not include the copies of invoices or other evidence used to create the check.

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2013-1 cont'd

In May 2011, the board of trustees actions provided guidance in the software to be used in the township. As a result it was agreed then to use BSA tax and receipt software to attain the highest of integrity of the amounts being recorded as revenues to each fund and collection and disbursement of funds in the tax collection fund. That direction was to use the tax collection module of BSA so as to integrate into the existing system.

The significant deficiency was of the failure to reconcile monthly to the tax collection bank account's impress balance of \$5,000, and to provide information for the Clerk to timely determine if the tax collections reports were agreeable to the general ledger.

Inasmuch as the same deficiency is present, we are deeming the issue to a material weakness.

It is our recommendation that the Augusta Charter Township, Washtenaw County, Michigan follow the strict guidance of the procedures discussed above. Further, it is recommended that you consider updating BSA to the latest edition, to alleviate potential migrating and recording issues.

SIGNIFICANT DEFICIENCIES

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Augusta Charter Township, Washtenaw County, Michigan's internal control to be significant deficiencies:

2013-2

Currently the Augusta Charter Township, Washtenaw County, Michigan has an electronic funds transfer policy in conjunction with check writing and disbursement policy that requires all electronic fund transfer requests to be certified by the clerk's office prior to the actual transfer. We discovered that electronic transfers were completed by the Treasure without that certification.

We recommend that the policy be reviewed by the officials of the township, and determine if it is in accordance with current legislative guidance.

2013-3

Due to the size of the organization's office staff, there are no segregation of conflicting duties of initiating transactions and the recording of those transactions. This creates a greater risk of a material misstatement in the financial statements. We recommend that the Augusta Charter Township, Washtenaw County, Michigan reevaluate its internal control structure, and develop needed controls with the personnel available presently.

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2013-4

The Michigan Department of Treasury, Uniform Accounting Procedures Manual Chapter 4 Current Tax Collections, paragraph Tax Collection Distribution requires the following:

"Distribution to the county treasurer and other tax assessing unit treasurers must be made from the tax collections on hand on the first and fifteenth day of each month within 10 business days after the first and fifteenth day of each month (unless another distribution schedule has been agreed to by all parties)."

During our examination, we determined that there were times where excess funds were on hand and not distributed within the timelines required. We recommend that you follow the Michigan Department of Treasury guidance provided.

2013-5

The township lacks an adequate design of internal control over the preparation of the financial statements and footnotes, because the township does not have the staff available with the level of expertise necessary to prepare in accordance with Governmental Auditing Standards Board pronouncements. This design of control does not allow management to prevent or detect and correct misstatements on a timely basis. We recommend that the township consider if this risk is one that they are willing to accept. Based upon discussions with management, the township does believe it is cost beneficial to develop this expertise.

Conclusion

In order for there to be the checks and balance procedures that are inherent in the Michigan Department of Treasury guidance, there must be a working relationship between the officials of the township. If this cannot be accomplished, then we recommend that the State of Michigan, Department of Treasury be contacted.

This communication is intended solely for the information and use of management the board of trustees, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.
Adrian, Michigan
September 13, 2013

Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.

8. Motion by Giszczak, 2nd by Hafler to accept Fire Department October 2013 report as submitted and given. Motion passed.
9. Motion by Giszczak, 2nd by Todd to approve roof quote with JNT Home Repairs for not to exceed \$5,000.00 friendly amendment Howard to request a detailed report for the

conditions and recommendations as early as possible. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.

10. Motion by Giszczak, 2nd by Howard to adopt the MABAS Mutual Aid Box Alarm System resolution. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.
11. Motion by Giszczak, 2nd by Howard to approve warrants #14475 through #14451, friendly amendment Hafler to void ADT Security System check reference #14477, for \$560.40 due to the Stanley Security replacement. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.
12. Motion by Hafler, 2nd by Keefe to accept Utility Report as submitted. Motion passed.
13. Motion by Hafler, 2nd by Thornton to authorize the Resolution of the SAW Grant Agreement. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.
14. Motion by Hafler, 2nd by Thornton to accept verbal Treasurer report. Motion passed.
15. Motion by Hafler, 2nd by Dew to accept Assessor October 2013 report as submitted. Motion passed.
16. Motion by Hafler, 2nd by Thornton to accept Planning Commission report as given. Motion passed.
17. Motion by Giszczak, 2nd by Hafler to accept Freedom of Information report as submitted. Motion passed.
18. Motion by Hafler, 2nd by Giszczak to accept the Farmland Preservation report as submitted. Motion passed.
19. Motion by Hafler, 2nd by Todd to move deputy clerk wages to first township business. Motion passed.
20. Motion by Giszczak, 2nd by Keefe, for the Supervisor as our legal agent to direct the township attorney or the labor law attorney to review the payroll claims of former Deputy Clerk Randy Mervyn to a) advise the board of its legal obligations to the claimants rights under the laws and b) to review all of the facts of all of the payroll claims made by Mr. Mervyn and to c) report back to the board with the findings and recommendations because what we have here is one person's claims to pay and the only thing that matter are his claims and whether

they are valid and any action at this point is premature because Randy Mervyn the former deputy clerk was asked to call the clerk about these disputed facts and since he had not this is now a personnel matter and should be addressed with the townships attorney's input just as was done in the past. Roll Call: Aye: Giszczak and Howard. Nay: Dew, Hafler, Keefe, Thornton and Todd. Absent: None. Motion failed.

21. Motion by Thornton, 2nd by Hafler to pay Randy Mervyn \$1,004.671 as wages and \$150.69 in retirement as a prepay for a total of \$1,155.30 payable as soon as possible. Friendly amendment Giszczak to request the Board identify the non-clerk budget line item to expense the cost to, not accepted by Thornton. Roll Call: Aye: Dew, Hafler, Howard, Keefe, and Thornton. Nay: Giszczak and Todd. Absent: None. Motion passed.
22. Motion by Hafler, 2nd by Thornton to prepay Utility Management Services as a prepay every month pending receipt of invoice. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.
23. Motion by Hafler, 2nd by Thornton to not do a year end budget this year end 12/31/2013 but to do a nine (9) month budget for 4/1/2014 to 12/31/2014. Roll Call: Aye: Dew, Giszczak, Hafler, Howard, Keefe, Thornton and Todd. Nay: None. Absent: None. Motion passed.
24. 12:10 am 11/27/2013 Trustee Keefe left meeting.
25. Motion by Hafler, 2nd by Howard to approve not to exceed \$400.00 for the New Washtenaw Stormwater Rules Workshop. Roll Call: Aye: Dew, Giszczak, Howard, Thornton and Todd. Nay: Hafler. Absent: Keefe. Motion passed.
26. Motion by Giszczak, 2nd by Thornton to authorize not to exceed \$20.00 for the Transportation workshop. Roll Call: Aye: Giszczak, Howard, Thornton and Todd. Nay: Dew and Hafler. Absent: Keefe. Motion passed.
27. Public comments opened at 12:27 am 11/27/2013 and were closed at 12:27 am 11/27/2013.
28. Motion by Hafler, 2nd by Howard to adjourn at 12:29 am 11/27/2013. Motion passed.

Pete Hafler, Supervisor

Date Signed

Kathy Giszczak, Clerk

Date Signed