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MEMORANDUM

TO: St. James Township Board **VIA EMAIL**

FROM: Bryan E. Graham *BEG*

DATE: October 14, 2015

SUBJECT: Draft report from Rehmann concerning sewer and township finance matters

In August, 2014 the township board authorized me to engage the services of an independent accounting firm to conduct a full and independent audit of the township sewer system records. Pursuant to the Board's authorization, I engage the services of Rehmann, an accounting firm with offices in Traverse City. Stephen M. Peacock was the principal in the accounting firm who was in charge of the project. As the project moved forward, it became apparent that there was a need to review other township financial records, so that the board could rely on the financial information being provided to make informed decisions.

I have enclosed a draft report from Mr. Peacock outlining his findings. As you will see, Mr. Peacock's report is broken down under various captions. Within each caption are recommendations for future township action. I concur with the recommendations from Mr. Peacock and would urge the township to implement these recommendations as soon as possible, if they have not been already implemented.

Finally, as part of Rehmann's normal procedures, the draft report contains space for "Managements Response." This response is intended to provide township officials an opportunity to provide factual information in response to the observations made by Mr. Peacock and his staff in performing the activities of the study. I must emphasize that information to be included in the response should be factual in nature and not personal opinions. Because there may be multiple responses from multiple officials, it is my recommendation that these proposed responses be provided to Kitty McNamara, as the chairperson of the ad hoc committee in charge of this project. The committee, in consultation with the township board, can then determine what responses, if any, are appropriate for the final report.

Once any responses are determined to be appropriate, they should be given to Mr. Peacock. He will then include those responses and issue a final report in the matter.

If there are questions concerning this matter, I will be participating in the October 20 meeting by a conference call.

BEG

Enclosures

cc: Stephen M. Peacock (via email) (w/ enclosures)