

MINUTES OF THE ELM RIVER TOWNSHIP BOARD MEETING  
MAY 19, 2016

The regular Elm River Township monthly meeting was called to order at 6:30 pm by Supervisor Reynolds. Members present: Supervisor Reynolds, Treasurer Reynolds, Trustee Trudgeon, Trustee Saari, and Clerk Brandt.

AGENDA: Approval of the agenda by Trudgeon/C Reynolds, all vote aye

APPROVAL OF MINUTES OF THE April 21, 2016 REGULAR MEETING: Motion to approve C Reynolds/D Saari, all vote aye. Will have the Special meeting and Work Session Minutes for June 16, 2016 meeting

AUDIT: We will move into the audit with Brenda Gartland so she can get out of here. \*Basically we are going to over the findings; we don't have the actual audit report. I will need the board to sign that we met today. First thing is these findings are controlled findings we found when we did the audit which is for the fiscal year 2015. The current board was not here at that the time but they are accepting responsibility for what was done or not done. They had nothing to do with it; they are trying to fix all the problems we are going to go through tonight. Please keep in mind that these are findings relate to the prior board. \*Receipts and Deposits- receipts not written, deposits not made in a timely manner. \*Disbursements-no invoices to go with the statement. \*Bank Reconciliations-Not done for the fiscal year, and accounting firm didn't do them either, should be done monthly and compared to General Ledger. \*Credit Card-no receipts for things on the bill, no big amounts and all township items. Clerk needs to contact person and have them get a receipt before paying bill. \*Tax Collection & Disbursement-at the end of 2015 which is similar to 2014 tax money was not disbursed, and the system gives a report where the monies should be sent. \*Audience: How much should be in the account? \*Brenda the only money should be the CFR which is disbursed at a later time, August I believe. \*The finding since 2008 when we started doing the audit is the clerk not doing the clerk's duties, we had mentioned that before. Now you have a clerk doing clerk duties and a treasurer doing treasurer duties. I do believe a lot of these will go away with the 2016 audit because you have people in place that have fixed a lot them already. \*2015 Audit-your audit was technically due by the end of September but had to get everything back from the accounting firm, and having to do the bank reconciliations for the whole year. \*Payroll Tax Deposit-Tax deposits to the IRS and State prior to this audit were not being deposited. They did withhold them but they were not doing anything with them. In 2015 some of the old ones were paid, 2011, 2012, 2013, and 2014 had not been paid. I don't know about 2016 as I have not seen those numbers yet. I know some got paid, but we have to figure what amount has not and get that paid. The IRS should have sent you something and I would think with penalties. \*Township Budget-there is a budget in the accounting system but nothing in the township minutes approving the budget for 2015 and that is a violation it has to be approved at the start of the fiscal year. \*Township Budget-Expenditures in Excess of Appropriations-did not have accurate financial records to track actual expenditures. I don't see any adjustments made to it; you make amendments to the budget. Audience: Does the township get audited every year? \* Brenda you are required every other year. \*Audience this township has been audited how many years in a row? \*Rick-out of ten years, it was 7 times. \*Audience-so what happens when the board doesn't do anything? \*Brenda-we can't enforce anything we make recommendations.

You can recall. \*Audience if money just disappears there is no way to make people accountable for their actions, like jail? \*Brenda the money didn't disappear, I am pretty sure on that. For the last two years I have looked at every single deposit, disbursements for every fund and where it went to. \*Audience we are already into May this board should be doing a budget for this year and should be able to do it every month with what they got. \*J Reynolds the budget was done in March already. \*Brenda they have a new budget, but they have to have the correct numbers to start with. They have never had good numbers to start with. \*Audience start with zero, you need to start with something. \*Brenda you can't you have to be make sure your bank accounts are accurate; it was a disaster what they walked into. \*Audience people tried to stop it but it was all politics I heard both sides they were too busy arguing against each other and they were paying people that weren't doing their jobs. No one wants to listen to that, and they put them on pedestals. \*Brenda it was very irresponsible and the people are the only ones that can do anything about that you have to get in contact with the right people. We can come in find the problem but we can't change them, we aren't an enforcement agency. We can't by law do that; you would have to go to the next step. \*Audience it took a long time to find out that the people did this, a lot of money thrown away. \*Brenda if the jobs were done this wouldn't happen. The state wrote off half of the bill for the audit, it was huge and that was because it was so messed up. \*Audience people were mad because we were paying to get audited, what we were going to do let it go on and on. \*Brenda that is why I am here is, if it isn't turned in, the state has the right to come in, and that is why you are on annual audit because the books are so messed up for so long. I think it was two treasurers ago it was being kind of done properly. \*Audience so you are saying this \$27,000 is half of what the bill was? \*Brenda yes, there was tons of hours put in to straighten this one out. I can tell you hour wise, a township your size should take about 80 hours total time, that one took me about 400 hours. One of the problems you would ask for information and there was a delay in getting it. If you have revenue and I would ask for a document to support, and that number had to change because it wasn't posted properly. It was a lot of that going back and forth. \*Audience so are you doing the next audit? \*Brenda that is totally up to your board. \*Audience two years ago the board voted on a person to do the audit by the name of Jutila, and he was going to do our audit for \$6,000. Nothing was ever turned into him by the board or Debbie Bradford so his contract was null and void but he could of actually charged us because there was a contract. The books were so messed up that they never got it to him, you are looking between \$4,000 and \$8,000 for a township of this size. \*J Reynolds no sense in beating a dead horse, we have to go forward, Brenda could you continue before we get to far off track. \*Brenda the last one is outside contractors that they hadn't been doing 1099's for and the IRS states if you pay them \$600 and non payroll you have to give them a 1099. They have to pay the taxes at the end of the year, and they hadn't been doing that either. There are a few from 2014 that are done; I do anticipate that 90% of them will be fixed before the findings for the 2016, I would expect that most problems won't be here at the end of 2016. Your board will get a copy that they can respond. That will be in the full audit report with the exact findings and your board's response to them. This board will fix these problems, they already are. \*Audience I have one question, the response to the audit in the comments if things have been fixed can you put the dates that they were fixed? \*J Reynolds yes that is no problem. \*Audience if you look at prior ones they were pretty general. \*Brenda that was because they weren't fixed. I will briefly go over the financial s of where you are standing right now. I gave everybody a draft of the trial balances, there one thing I want to point out is you had a lot of due to and due from's. One of the big things we did for 2015 was we had the due to and due from on different funds and you don't

need to do that all you need to do is allocate the fire dept cash in the General Fund. All the due to and due froms are gone this year and the cash balances are what actually belong to that fund at the end of 2015. The only due to and due froms you are going to see now are funds that haven't been paid to the actual funds. What you have there is a copy of each fund, telling you what you had in cash and what you had as a fund balance. \*Audience how is the township financially now are we on the verge of disaster or are we ok? \*Brenda as of 2015 you are ok, I don't know right now what has happened during the past year I could give you an idea of your fund balances. Your general fund balance was \$80,600 at the end of 2015. Your road fund which is a new fund as of 2015 has \$22,735.16, because you haven't done any projects yet. Your fire operation fund \$38,800 and your fire truck \$17,000 fund balance. The liquor fund has about \$4,500. Like I said you had about \$245,800 in undisbursed tax money at the end of the year. \*Audience is any of that \$245,000 our money? \*Brenda it shows on the other fund as a receivable, so yes a chunk of it was. \*C Reynolds it wasn't actually disbursed until April 2015. \*Audience does it come back to the taxpayers at all for not paying these taxes to the county and wherever for how many years? \*Brenda I don't believe there will be penalties. \*Audience will the township get a penalty? \*Brenda not sure if any laws were broken. The only thing I can see if the IRS would access penalties but they haven't yet. I don't know maybe these places were contacting the board (county, school, etc) they should have been looking for their money it was disbursed in 2015. \*J Reynolds as a former school board member I was here looking for our money. \*Brenda the money was sitting there, there was no reason it wasn't being disbursed. Something else that will be on your audit report, upcoming recording changes that might affect your township was issued by GASB, the fair value measurement on your balance sheet. That won't be a big deal it would just be in the audit report, would be effective 2017. That is all I have for right now, we will complete the audit report and it will come thru the board, it is going to say what we went over tonight. \*C Reynolds another reason for Brenda being here our next audit is due September 30<sup>th</sup> and wondering if we are going to have the state do it again? I am going to suggest the state do it again as that would be the end of the previous board, and will not be some 400 hours and we do need to have it completed before July. \*Brenda you had asked the question on a payment plan, if you want us to complete we have to have it done by the end of July because after that point the fees will be delinquent than and I think he said you need to pay \$7500, and as long you had it before the end of July there wouldn't any kind of conflict. \*Brenda a lot of things I would have corrected in the last audit, Cheryl and Sherri had already had them done. I went thru the payables and saw they weren't coded right but Cheryl and Sherri had already found them and corrected them. For 2016 I don't think there is going to be a lot wrong, this board has been doing their job. I believe the audit will be under 120 hours. \*C Reynolds if can have him get a contract to us and we need to get it approved at the next meeting. \*Brenda if you want us to do it I am pretty much open to do it in June and July my slower months so if you guys are ready we can get going on it. \*J Reynolds how long does it normally take? \*Brenda normally 120 hours if things are right. I have one other audit in June I would have plenty of time in June and July to get it done; it shouldn't be a problem at all as long as your stuff is pretty much reconciled and I don't think you will have much problems with that. The only thing you might not know are the adjustments from last year. Whether or not we do it you can call me any time you have a question on something because that is what the state is there for. If anything comes up you can just call me. \*C Reynolds especially like last year when I suggested we have the state do the audit, it was either the state come in and do the audit or have somebody else complete our audit, and the state was going to come in and review it anyway. So that is why we should have the

state do it again. \*J Reynolds I would like for the state to do it because that will separate the new board from the last one, and give us a fresh start. \*C Reynolds she is going to send us the adjustment list and we can work on it, we don't have them tonight. \*Brenda I get you the adjustments and explanations of the adjustment. It will make the numbers we have match once you send the trial balance report, it will make sure that everything agrees and we can move forward. \*Audience: Salaries for the 2014 audit \$20,481 for the treasurer? \*Brenda the clerk line item and treasurer line item are not just salary, 2014 & 2015 are for Debbie Bradford, she was allocated to do their jobs. \*Brenda they did do it that way, I didn't think that was right they were hired to do the clerk and treasurer jobs. \*Audience the only problem with the audit it looks like it was paid to them. \*Brenda you have to remember when you look at the board lines or subject lines those are not only salaries, the salary is maybe half of line item, they are any expenses like if you have to buy a laptop for the clerk or treasurer they all get assigned to that. All the bills for the treasurer like money to the county \$1,200 to prepare your tax roll gets put until the treasurer's line. So when you see that number it is always going to have more than their salary. \*Audience I have one more question can you give a brief explanation on the fire truck millage and what is going to happen with it? \*Brenda I believe that 2017 will be the end of your collection of the fire truck fund, will have enough money collected but you are not obligated to pay the loan off until 2022. It will show up on your tax bill but it will show as zero millage, you can't take it off because the millage was approved for so long but they will stop collecting after 2017. \*J Reynolds any other questions? \*Audience and Board: thank you Brenda.

**TREASURERS REPORT:** Balances are off the statements dated April 29, 2016, Superior National Bank General Account \$216,452.70 Superior National Bank Tax Account \$99,877.29. Motion to approve J Reynolds/R Trudgeon, all voted aye.

**CORRESPONDENCE:** We have our yearly contract with the Equalization Dept just needs a signature and witness signature. \*MTA as far as our insurances for the township and fire hall/fire dept, these are for the bonds we need to sign both copies. Signed and will be mailed back. \*We got an e-mail from Bob Sibilsky the cost for dust control for the township was less than \$8,000, the cost savings from snow removal should have reduced major portion of dust control. Residents of Pike Lake Rd, Crescent Beach, and Emily Road don't have blacktop roads to protect their places from dust. New users include Betty Kratt, Joanne Maki, and the new owners of Dickerson's place. Please reconsider this expenditure for the well being of residents. \*J Reynolds my response to Bob was; there are no finances in the township for these services at this time. The board knows the importance of dust control, but due to mismanagement of funds from the prior board we can't provide these services this year. If residents have any questions please have them attend a meeting and we would be glad to go over the finances, the current Elm River board will not spend money we don't have.

**ASSESSOR REPORT:** \*J Botto I don't have much but am arranging with BS&A Dan Curwin (sp) to come up here and conduct three days of training during which time he will be able to get us our Land Tables/Land Value Maps that the state is looking for. I did attend training in Escanaba and I have to say it wasn't very valuable, not here for the UP it was more commercial stuff downstate ECF's. \*J Reynolds was there any cost to him coming? \*J Botto \$4535 for him to come not bill to the township. It is going to be on anyone that attends, it is going to be \$250 a

day and I am hoping to have six people in on this. \*J Reynolds so we have no cost? \*J Botto basically it is my dime.

OLD BUSINESS: Was the audit

NEW BUSINESS: The township septic system is backing up, I talked to the Health Dept today to see if I could find some paperwork and if anybody knows where it is. I found in the cabinet in the fire hall something about 63 feet from the corner of the building. I am not sure when that was, was it before this building or that building. \*Audience when was the last time the septic tank was emptied? \*J Reynolds I found no record of that, this is something we have to get repaired before the pancake breakfast or we can't rent the hall the way it is now.

FIRE DEPARTMENT: \*R Pirhonen all the fire extinguishers were checked today, other than that we will clean the Saw Mill Saturday.

PAYMENT OF BILLS: C Reynolds the UPPCO is high because we didn't receive a bill for two months, no late fees but is high. The total bills is \$14,917.51, there is three pages of bills. Our insurance was a big for \$7,200 and payroll is \$2,495. The description is on the side, when we talked about putting what they were for. Motion to pay the bills J Reynolds/D Saari all in favor aye.

CITIZENS COMMENT: \*Rick, Joe, Gary discussed various numbers and past figures. \*J Reynolds we have to move forward, we need to concentrate on that now. We don't have time to go back and say you didn't do this and you didn't do that. We all know what happened, it is public knowledge that people were not doing their jobs. We need to find a way to get in a better financial state. If you people are talking about suing somebody, talk to a lawyer, I can't do anything, Cheryl can't do anything, nobody here can do anything about the past. \*J Reynolds the last bill for \$2,400 was erased because of the letter I sent them. \*C Reynolds once we are out of the bullseye of the state we can do a private auditor, but we need to get things corrected before we can do that. \*J Reynolds that is why we have cut dust control, we all know the importance of it, and people abusing the garbage pickup.

BOARD COMMENTS: None.

\*\*Next meeting is June 16, 2016 at 6:30 pm, motion to adjourn J Reynolds/D Saari at 7:50 pm all in favor aye.