AGENDA
HAYES TOWNSHIP BOARD OF TRUSTEES
SPECIAL MEETING

9:00 am March 17, 2023

Hayes Township Hall
9195 Major Douglas Sloan Road
Charlevoix, Michigan 49720

1. Call to Order
2. Review and Approval of Agenda
3. Review and Approval of Engagement letter (Audit and F65)- Gabridge & Company
4. Public Comment
5. Board of Trustee Comment

ADJOURN MEETING

Public Comment at Meetings of the Hayes Township Board of Trustees

The Hayes Township Board of Trustees values public input and offers two opportunities for the public to comment at its meetings, once near the beginning and once near the end. This affords the Board of Trustees the opportunity to hear your views and remarks. If you speak, you should not expect to engage the Board of Trustee members or any staff in discussion or debate.

Board of Trustee members will not respond to comments made during the Public Comment unless it becomes necessary to ask a clarifying questions, correct a factual error, or to provide specific factual information.

Questions about Township matters are best directed to individual Board members or Township staff (Planner, Zoning Administrator, or Assessor) between meetings. Contact information is available on the township website at: hayestownshipmi.gov.

The availability of public comment is recognized by the Michigan Open Meetings Act. The Act provides that rules may be adopted for orderly comment from the public. To that end, the following rules have been established by the Board of Trustees:

1. A person wishing to speak will indicate on the sign in sheet that they would like to be called on at Public Comment. All persons in attendance in person will be called on first. Zoom attendees can indicate they would like to speak by raising their hand icon.
2. The person will begin by stating their name, spelling it out if requested.
3. The person addresses the Chairperson, or other person chairing the meeting, on behalf of the entire Board of Trustees. Public comment is NOT to be addressed to individual Board of Trustee members, to any township staff present, or to other members of the audience.
4. There is a three (3) minute time allotment for each speaker. The time limit may be extended by the Chairperson or majority of the Board of Trustee members present. A speaker may speak only once at each Public Comment. There is no provision for another audience member to 'donate' their three (3) minutes to another speaker.
5. A speaker will be out of order if the speaker disrupts the meeting, speaks longer than the allotted time, uses vulgarities or makes a personal attack on a Board of Trustee member or Township employee that is unrelated to the performance of that person's duties.
6. If a speaker is called out of order, that speaker will not be able to speak again at the same meeting except by special leave of the Board of Trustees
7. The Chairperson, or other person chairing the meeting, will have the discretion to permit members to speak at times other than the times reserved for Public Comment.

March 15, 2023

To the Township Board and Management
Hayes Township
Charlevoix County, MI

We are pleased to confirm our understanding of the services we are to provide Hayes Township (the "Township") for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Township as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Township's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Township's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.

- Budgetary Comparison Schedules.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Revenue recognition.
- Segregation of duties.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Township's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements of the Township in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Gabridge & Company, PLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Michigan Department of Treasury or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gabridge & Company, PLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Michigan Department of Treasury or its designee. The Michigan Department of Treasury or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Joe Verlin, CPA, CGFM is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately April 17, 2023 and to issue our reports no later than May 31, 2023.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $9,900. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the Township's financial statements. Our report will be addressed to the Township Board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Gabridge & Company

Gabridge & Company, PLC

RESPONSE:

This letter correctly sets forth the understanding of the Township.

Management signature: ______________________________

Title: ______________________________

Date: ______________________________

Governance signature: ______________________________

Title: ______________________________

Date: ______________________________

March 16, 2023

To the Township Board
Township of Hayes
Charlevoix County, Michigan

The Township Treasurer has requested that we provide consulting services to assist Hayes Township (the "Township") with preparation and filing of form F-65 and Qualifying Statement for the Township's fiscal year ending June 30, 2021. This engagement letter sets forth the consulting engagement's objectives, documents the procedures for conducting this engagement, identifies your responsibilities, and provides our hourly rates for the services.

ENGAGEMENT OBJECTIVE

The engagement's objective is to assist in the preparation and filing of form F-65 and the Qualifying Statement based on information provided by the Township.

SCOPE OF SERVICES

Assistance with preparation and filing of form F-65 & Qualifying Statement

Our procedures will include assisting the Township with the preparation and filing of form F-65 and Qualifying Statement for the Township's fiscal year ended June 30, 2021 based on information provided by Township.

YOUR RESPONSIBILITIES

You agree to assume all management responsibilities and oversee any consulting services and other services we provide by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, and/or experience. The Township is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

The engagement's nature will demand significant involvement by your accounting personnel. The engagement's ultimate success depends primarily on your personnel and the effort contributed toward the preparation and filing of form F-65. You will also be responsible for performing the following:

- QuickBooks, uploaded to link in email providing this engagement letter.
- Provide us with a copy of the amended budget for the general fund.

- Provide us with a copy of the Township's 2020 filed federal form W-3.
- If applicable, please provide us with a listing of 2020 employer contributions to retirement plans.
- Provide us with a copy of the Township's April/May 2021 tax settlement statement with the County and a copy of the settlement check received.
- Provide us with a copy of the 2020 form L-4029 that relates to the settlement statement.
- Bank account reconciliations and statements for 6/30/2021.

You can upload all requested documents to the link provided in the email.

PROFESSIONAL FEES

The base cost for these consulting services will range between $2,000 to $2,500 based on our hourly rates. Any unusual disruption in the preparation and filing process may result in higher fees. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the consulting engagement.

We appreciate the opportunity to be of service to the Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Gabridge & Company

Gabridge & Company, PLC

RESPONSE:

This letter correctly sets forth the understanding of the Township.

Management signature: ______________________

Title: ______________________

Date: ______________________

Governance signature: ______________________

Title: ______________________

Date: ______________________

Speciae BOT March 17, 2023

Sign in

Ellis

Lu Anne

Patricia Feliciano

Omar Feliciano

Gmail LuAnne Kozma <luannekozma@gmail.com>

Fwd: Special meeting

tim boyko <tim@timboyko.com> Thu, Mar 16, 2023 at 10:29 PM
To: LuAnne Kozma <luannekozma@gmail.com>

From the State's audit manual
https://www.michigan.gov/-/media/Project/Websites/treasury/Delta2/E/Audit_Manual_for_LUG_in_Michigan_383593.pdf

PM Thu Mar 16 100%

michigan.gov

The audit report, any written correspondence with recommendations of deficiencies, and the auditing procedures report are to be filed with the Local Audit and Finance Division within six months after the end of the fiscal year of the local unit.

Requests for Extensions

The independent CPA may file the report at the request of their client. However, the final responsibility for the timely filing of reports rests with the local unit.

The chief administrative officer of a local unit may request an extension of the filing date from the state treasurer. When an audit cannot be completed within 6 months after the end of the fiscal year, a written request must be made before the audit is actually delinquent. A request for the extension for filing of an audit must include a letter from the chief administrative officer indicating:

- that the audit is in progress (identify any component units);
- when the audit is expected to be completed;
- an explanation of the existence of extraordinary circumstances beyond the control of the local unit and the audit cannot be completed and filed timely (the reasonable cause).

MISCELLANEOUS

Treasury will send a written response to all audit extension requests. The request for an extension will be denied absent the existence of an extraordinary circumstance beyond the control of the local unit.

The policy for audit and annual financial report filing extensions may be obtained from http://www.michigan.gov/treasury/1,1607,7-121-1751_2194-6003--,00.html.

Noncompliance with Provisions of this Audit Manual

[Quoted text hidden]

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

January 05, 2023

Annual Financial Report (F-65):
Failure to File Annual Financial Report
Notice of Delinquency
Fiscal Year: 6/2022
Municipality Code: 151070

Sent Via Email
Hayes Township

Dear Governing Body:

Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, Section 4, requires all units of local government to file with the State Treasurer a completed Annual Local Unit Fiscal Report (Form F-65). According to Department of Treasury records, it appears the municipality has not done so for the fiscal year 2022.

We do not accept emailed or paper copies of the F-65 form. Please file your F-65 by logging into the department's online filing website at: https://treas-secure.state.mi.us/LAFDeform/TL41W71.aspx. You must request local unit user access if one does not already exist. Instructions on how to complete the form will be available once logged in.

Public Act 2 authorizes the Department to complete the F-65 at the expense of the local unit or, under Public Act 140 of 1971, the Glenn Steil Revenue Sharing Act of 1971, the Department may withhold revenue sharing payments if revenue sharing is received.

If you have any questions, contact the audit review staff at (517) 335-7469 or email questions to LAFD_Audits@michigan.gov.

Sincerely,

Cary Jay Vaughn, CPA, CGFM, Audit Manager
Community Engagement and Finance Division

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on

UNIFORM BUDGETING AND ACCOUNTING ACT (EXCERPT)
Act 2 of 1968

141.427 Minimum auditing procedures and standards; form for report of auditing procedures; filing audit report and report of auditing procedures; time for filing; extension.

Sec. 7.

(1) The state treasurer shall prescribe minimum auditing procedures and standards and these shall conform as nearly as practicable to generally accepted auditing standards established by the American institute of certified public accountants.

(2) A report of the auditing procedures applied in each audit shall be prepared on a form provided for this purpose by the state treasurer. The state treasurer may require that the audit report, or the report of auditing procedures, or both, that are required by this subsection to be filed with the state treasurer be filed in an electronic format prescribed by the state treasurer.

(3) One copy of every audit report and 1 copy of the report of auditing procedures applied shall be filed with the state treasurer.

(4) The copy of the audit report and the copy of the report of auditing procedures applied required by subsection (3) shall be filed with the state treasurer within 6 months after the end of the fiscal year of a local unit for which an audit has been performed pursuant to section 5. The chief administrative officer of a local unit may request an extension of the filing date from the state treasurer, and the state treasurer may grant the request for reasonable cause. A chief administrative officer who requests an extension under this subsection shall, within 10 days of making the request, inform the governing body in writing of the requested extension.

History: 1968, Act 2, Imd. Eff. Feb. 20, 1968 ;-- Am. 1982, Act 451, Imd. Eff. Dec. 30, 1982 ;-- Am. 2000, Act 493, Imd. Eff. Jan. 11, 2001

KAMMERMANN & BASCOM, P.C.

Certified Public Accountants

Velda K. Kammermann, CPA
Corey R. Bascom, CPA

Established 1988
www.northmi.cpa

June 18, 2021

To the Township Board
Hayes Township
Charlevoix, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hayes Township as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Hayes Township's internal control over financial reporting (internal control) as a basis for designing auditing 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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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.

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 deficiencies in the Township's internal control to be material weaknesses:

Accounting Records

It was apparent during our initial visit that bank and credit card activities had not been reconciled to the accounting records during the year for various accounts. We identified which accounts needed to be updated and these accounts were reconciled by recording missing and/or eliminating duplicate transactions. We recommend these activities be recorded, reconciled to underlying records and kept up to date each month to provide support for accounting information. In addition, payroll tax deposits were not paid in a timely manner, due to a misunderstanding of the process used for making these payments.

The Treasurer is responsible for maintaining cash records for each bank account and for providing duplicate receipts to the Clerk for recording revenues and their source information. The receipts provide chronological information of amounts received. In addition, the Treasurer's journal provides supporting information for comparing the Clerk's and Treasurer's banking records for reconciliation each month. The Treasurer should also prepare a journal summarizing the cash activities for the Tax Collection Fund.

We recommend assistance be engaged for posting the adjustments to the accounting records and to discuss any activities that require additional training.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities. In addition, the Treasurer should maintain separate cash balance records for reconciling with the Clerk's cash balances.

Preparation of Financial Statements

During the course of our audit, it was noted employees and/or management have limited technical expertise to prepare the Township's financial statements and notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of the Township's financial statements and notes in accordance with accounting principles generally accepted in the United States of America is the responsibility of management. Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to the financial statements, in conforming with accounting principles generally accepted in the United States of America.

Preparation of Financial Statements (Continued)

The Township, as is common with smaller entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and instead relies, in part, on its external auditors for assistance with this task.

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.

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.

Sincerely,

Kammermann & Bascom, P.C.