

CHARLEVOIX HOUSING COMMISSION

210 WEST GARFIELD ST.

CHARLEVOIX, MICHIGAN 49720



PROJECT
PINE RIVER PLACE

REGULAR MEETING CHARLEVOIX HOUSING COMMISSION

TUESDAY, MAY 19, 2015

2:00 P.M.

PINE RIVER PLACE COMMUNITY ROOM

AGENDA:

Call to Order/Roll Call

Approval of Meeting Minutes and Bills

Executive Director's Report

Old Business: Fiscal Policy
 Energy Performance Contracting

New Business: Audit Proposals
 eLOCCS Approving Official
 (electronic Line of Credit Control System)

Miscellaneous Business

Board Commissioners

Public Comment

Adjournment

CHARLEVOIX HOUSING COMMISSION

210 WEST GARFIELD ST.
CHARLEVOIX, MICHIGAN 49720



PROJECT
PINE RIVER PLACE

Annual Meeting Minutes April 21, 2015

An Annual Meeting of the Charlevoix Housing Commission was called to order by President Left at 2:00 pm at Pine River Place, 210 West Garfield, Charlevoix, Michigan.

PRESENT: Buday, Left, Stephan, Olach, Stevens
ABSENT: None
OTHER: Julie Waterman, Interim Executive Director
Brad Waterman, Maintenance Supervisor
Keri Casbohm, Temporary Administrative Assistant
Tenants of Pine River Place - Barb & Jerry Evans and Laurie Crandall

Approval of Meeting Minutes and Bills:

President Left asked if there were any questions on the March bills. Julie Waterman discussed the changes with payroll and the fact that the details will no longer appear on the checkbook register but will be available in a separate document provided by the payroll company. Joan Buday made a motion to accept the March bills and Joni Olach seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan
Nays:
Abstentions:
Absent:

President Left asked if there were any corrections or additions to the minutes from the March 17th Regular Meeting, March 24th Work Session, and the March 31st Special Meeting. There were no corrections or additions. Gregory Stevens made a motion to accept the Minutes from the March 17th Regular Meeting, March 24th Work Session, and the March 31st Special Meeting. Joan Buday seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan
Nays:
Abstentions:
Absent:

President Left asked if there were any corrections or additions to the minutes from the March 17th Closed Session. There were no corrections or additions. Gregory Stevens read a letter

explaining the outcome of the Closed Session did not result in a reprimand to Julie Waterman. Joan Buday said that she was not here for that portion of the meeting and will abstain from the vote. Gregory Stevens made a motion to accept the Minutes from the March 17th Closed Session. Lillian Left seconded the motion.

Yeas: Left, Olach, Stevens, Stephan

Nays:

Abstentions: Buday

Absent:

President Left asked if there were any corrections or additions to the minutes from the March 24th Closed Session. There were no corrections or additions. Joan Buday made a motion to accept the Minutes from the March 24th Closed Session. Gregory Stevens seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan

Nays:

Abstentions:

Absent:

Executive Directors Report: Interim Executive Director Julie Waterman explained that the March Financial Statement is not available as it is the end of the fiscal year. It will be presented next month. Payroll and check procedures have been updated to match policy changes. She reported that employee evaluations have been completed. The proposed Fiscal Policy with changes is in the 30 day public posting stage until April 30th. Recently there was damage done to one of the light poles in the parking lot. Arrangements are being made for repairs. Updated Policy books for the board members are nearly complete and will be distributed soon. A new time clock that is electronic will be installed in the next couple of weeks. CoreComm email address is being shut down May 4th. Julie will be taking a Grant-Writing training through NAHRO next week.

Old Business:

Interim Executive Director Evaluation: The board had positive comments relating to the job Julie Waterman is doing as an Interim Executive Director since being appointed on February 5th, 2015. Not enough time has elapsed to complete an evaluation and no specific guidelines or requirements had been established when she was appointed. Discussion of evaluation form Gregory Stevens found online and what form the board wanted to use in the future. It was agreed that an evaluation form for the Executive Director needed to tie in with the job description and contract. Joan Buday made a motion to table the evaluation for Julie Waterman at this time. Joni Olach seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan

Nays:

Abstentions:

Absent:

Executive Director Vacancy: Discussion of a letter written by Joni Olach asking HUD to waive the issue of conflict of interest if the CHC Board was to hire Julie Waterman as the Executive Director. Gregory Stevens suggested a couple corrections/additions. There was concern that the addendum letter from Laura Dinon had Brad and Andre's names reversed and Gregory Stevens was to call and get it amended for accuracy. Joni Olach made a motion that the board approve the letter (as amended by Gregory Stevens) and get signatures from all board members and mail it along with the attachments listed in the letter to the HUD field office in Detroit. Gregory Stevens seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan

Nays:

Abstentions:

Absent:

New Business:

Elections of Officers:

Joan Buday made a motion to nominate Gregory Stevens as the CHC Board President. Joni Olach made a comment that Mr. Stevens could benefit by taking Commissioner training. Julie will see what trainings are coming up. Paul Stephan seconded the motion. Mr. Stevens accepted the position as President.

Yeas: Left, Buday, Olach, Stephan

Nays:

Abstentions: Stevens

Absent:

Paul Stephan made a motion to nominate Joan Buday as the CHC Board Vice-President. Gregory Stevens seconded the motion. Mrs. Buday accepted the position as Vice-President.

Yeas: Left, Olach, Stephan, Stevens

Nays:

Abstentions: Buday

Absent:

Disposition/Disposal of Property/Equipment: Paul Stephan made a motion to approve Resolution Approving Removal of Inventory of washers and dryers (2015-03). Joan Buday seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan

Nays:

Abstentions:

Absent:

Disposition/Sale of Property/Equipment: Joan Buday made a motion to approve Resolution Approving Removal of Inventory of lawn equipment (2015-04) and to accept the offer from Work-N-Play for the purchase of said items. Paul Stephan seconded the motion.

Yeas: Left, Buday, Olach, Stevens, Stephan

Nays:

Abstentions:

Absent:

Smoke-Free Housing Policy: Julie Waterman brought up that there is updated guidance from HUD coming soon pertaining to the smoking issue in public housing. It will likely require revision to our current policy. Discussion occurred as to how that will affect the 7 tenants who currently hold "Temporary Exemptions" to the Smoke-Free Housing Policy.

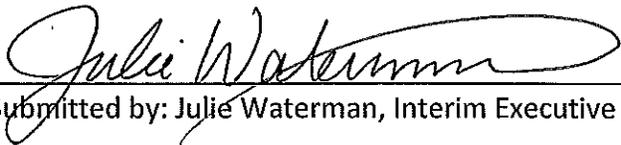
Energy Performance Contracting: Julie Waterman and Gregory Stevens discussed a meeting they attended about Energy Performance Contracting and how it might be a viable solution to our current issues with the boiler systems and perhaps other areas/systems of the building. Julie Waterman will contact the WindWaterEnergy business development manager about coming to a future board meeting to provide more details.

Miscellaneous Business: None

Board Commissioners: Gregory Stevens discussed additional hours Julie Waterman worked in January as well as Brad Waterman's hours and how that is handled in emergency situations.

Public Comment: Tenants present voiced their support of hiring Julie Waterman as the Executive Director.

Adjournment – Commissioner Buday moved to adjourn the meeting at 4:30 pm, supported by Commissioner Olach. The motion passed unanimously and the meeting was adjourned. The next meeting will be an Regular Meeting and will be held Tuesday May 19, 2015 at 2:00 pm in the Pine Rover Place Community Room located at 210 W. Garfield in Charlevoix. Telephone 231-547-5451.



Submitted by: Julie Waterman, Interim Executive Director

May 5, 2015

Approved by: Gregory Stevens, Board President

Charlevoix Housing Commission
Check Register Summary Report
 Operational Budget

From: 04/01/2015 To: 04/30/2015

Date	Ref Num	Payee	Payment	Deposit	Balance	Memo
04/03/2015	ADJUST	E-Connect Fee	59.06		10,748.64	
04/03/2015	DEP	OFND		5,729.00	16,477.64	
04/06/2015	DEP	Rent		5,270.00	21,747.64	
04/06/2015	013746	Common Angle	45.00		21,702.64	services/support to Admin Assist computer desktop/access.
04/06/2015	013747	Michigan Officeways	20.57		21,682.07	ADDING MACHINE TAPE, CLIP HOLDER, STAPLE REMOVER
04/06/2015	013748	ACE Hardware	56.52		21,625.55	plumbing supplies, wrench, mortar versabond
04/06/2015	013749	Michigan Housing Directors As.	110.00		21,515.55	Spring Conference registration fee
04/06/2015	013750	Charter Communications	1,339.44		20,176.11	Bulk rate cable tv & cable internet service through 04/30/2015
04/06/2015	013751	Delta Dental	268.78		19,907.33	Dental Insurance
04/06/2015	013752	Kelly Services, Inc.	396.90		19,510.43	administrative services
04/06/2015	013753	East Jordan Housing Commission	106.25		19,404.18	administrative services
04/06/2015	013754	Housing Authority Accounting S	1,041.29		18,362.89	Accounting service for February & March 2015
04/06/2015	013755	Northern Michigan Review, Inc.	117.40		18,245.49	Employment posting
04/06/2015	013756	City Of Charlevoix	2,997.00		15,248.49	Water, sewer & electric through 3/5/15
04/06/2015	013757	American Waste / Walloon Lake	244.00		15,004.49	Regular trash removal for April
04/06/2015	013758	SimplexGrinnell LP	784.26		14,220.23	Annual monitoring contract
04/06/2015	013759	Kelly Services, Inc.	396.90		13,823.33	administrative services
04/07/2015	DEP	Rent		5,348.00	19,171.33	
04/07/2015	EFT	Paychex of New York LLC	2,615.45		16,555.88	payroll for 3/21/2015 to 4/03/2015
04/07/2015	EFT	Paychex of New York LLC	161.61		16,394.27	State of Michigan employee garnishment Remittance Identifier: 910026726
04/08/2015	EFT	Paychex of New York LLC	998.65		15,395.62	Federal Withholding Taxes
04/08/2015	EFT	Paychex of New York LLC	44.85		15,350.77	costs for payroll services
04/08/2015	013760	Whitley's Floor Covering Inc.	3,153.99		12,196.78	Carpet & vinyl for #221
04/09/2015	DEP	Rent & Security Deposit		290.36	12,487.14	
04/09/2015	013761	Linda Roznoski	151.00		12,336.14	Refund Security Deposit
04/09/2015	013762	Thomas King	51.41		12,284.73	
04/13/2015	DEP	Rent		330.00	12,614.73	

Charlevoix Housing Commission
Check Register Summary Report

Operational Budget

From: 04/01/2015 To: 04/30/2015

Date	Ref Num	Payee	Payment	Deposit	Balance	Memo
04/13/2015	DEP	Rent ACH		9,271.00	21,885.73	
04/13/2015	013763	Sam's Club / GEMB	145.00		21,740.73	memberships dues
04/13/2015	013764	Corecomm	11.95		21,728.78	Internet service through 04/05/2015
04/13/2015	013765	AT&T	147.26		21,581.52	Telephone service through 04/04/2015
04/13/2015	013766	Business Card	11.50		21,570.02	postage
04/16/2015	DEP	WASH Income		554.73	22,124.75	collection for 56 days
04/20/2015	DEP	Rent & Security Deposit		75.00	22,199.75	
04/20/2015	013767	PHADA	145.00		22,054.75	Membership dues
04/20/2015	013768	Kelly Services, Inc.	3,204.90		18,849.85	administrative services
04/20/2015	013769	American Drapery	736.00		18,113.85	6 sets of Drapery
04/20/2015	013770	Blue Cross/ Blue Shield	1,976.16		16,137.69	Medical Insurance through 6/09/2015
04/22/2015	EFT	Paychex of New York LLC	2,830.44		13,307.25	payroll for 4/04/2015 to 4/17/2015
04/22/2015	EFT	Paychex of New York LLC	161.61		13,145.64	State of Michigan employee garnishment Remittance Identifier: 910026726
04/22/2015	EFT	Paychex of New York LLC	975.50		12,170.14	Federal Withholding Taxes
04/23/2015	EFT	Paychex of New York LLC	44.85		12,125.29	costs for payroll services
04/24/2015	DEP	Work & Play / Klooster Machinery		4,575.00	16,700.29	sale of lawn equipment
04/27/2015	013771	Delta Dental	268.78		16,431.51	Dental Insurance
04/27/2015	013772	Van's Business Machines	426.97		16,004.54	replace color drum
04/27/2015	013773	Brad Waterman	116.73		15,887.81	mileage through 4/27/2015
04/27/2015	013774	Critical Signal Technologies	645.00		15,242.81	April monitoring charge for call to aid system.
Total:			27,007.98		31,443.09	

**Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 1 Month Ended April 30, 2015**

Ideal Percentage- 8.34%	1 Month Ended		1 Month Ended			
	ANNUAL BUDGET	April 30, 2015	April 30, 2015	% Budget Used	*(OVER)/UNDER	
Operating Income						
Rental Income						
3110 - Dwelling Rental	\$ 219,730	18,358.95	\$ 18,358.95	8.36%	201,371.05	
Total Rental Income	219,730	18,358.95	18,358.95	8.36%	201,371.05	
Revenues - HUD PHA Grants						
3401.2 - Operating Subsidy	59,000	5,729.00	5,729.00	9.71%	53,271.00	
Total HUD PHA Grants	59,000	5,729.00	5,729.00	9.71%	53,271.00	
Nonrental Income						
3610 - Interest Income-Gen. Fund	250	11.65	11.65	4.66%	238.35	
3690 - Tenant Income	1,000	4.00	4.00	0.40%	996.00	
3690.1 - Non-Tenant Income	19,400	1,754.73	1,754.73	9.04%	17,645.27	
3690.3 - (Gain)/Loss on Sale of Equip	0	4,575.00	4,575.00	0.00%	(4,575.00)	
3690.4 - Tenant Income-Cable	12,450	1,235.50	1,235.50	9.92%	11,214.50	
Total Nonrental Income	33,100	7,580.88	7,580.88	22.90%	25,519.12	
Total Operating Income	311,830	31,668.83	31,668.83	10.16%	280,161.17	
Operating Expenses						
Routine Expense						
Administration						
4110 - Administrative Salaries	50,600	3,231.73	3,231.73	6.39%	47,368.27	
4140 - Staff Training	2,000	110.00	110.00	5.50%	1,890.00	
4150 - Travel Expense	2,500	116.73	116.73	4.67%	2,383.27	
4170 - Accounting Fees	5,610	1,041.29	1,041.29	18.56%	4,568.71	
4171 - Auditing	3,700	0.00	0.00	0.00%	3,700.00	
4182 - Employee Benefits - Admin	13,800	278.65	278.65	2.02%	13,521.35	
4185 - Telephone	4,000	239.21	239.21	5.98%	3,760.79	
4190.1 - Publications	100	0.00	0.00	0.00%	100.00	
4190.2 - Membership Dues and Fees	680	290.00	290.00	42.65%	390.00	
4190.3 - Admin Service Contracts	3,790	1,499.70	1,499.70	39.57%	2,290.30	
4190.4 - Office Supplies	2,000	447.54	447.54	22.38%	1,552.46	
4190.5 - Other Sundry Expense	3,000	4,220.51	4,220.51	140.68%	(1,220.51)	
4190.51 - Advertising and Marketing	100	117.40	117.40	117.40%	(17.40)	
Total Administration	91,880	11,592.76	11,592.76	12.62%	80,287.24	
Tenant Services						
4220 - Rec., Publ. & Other Svcs.	400	0.00	0.00	0.00%	400.00	
4230 - Contract Costs-Cable/Monitorin	20,040	2,549.44	2,549.44	12.72%	17,490.56	
Total Tenant Services	20,440	2,549.44	2,549.44	12.47%	17,890.56	

See Accountants' Compilation Report

**Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 1 Month Ended April 30, 2015**

		1 Month Ended	1 Month Ended		
	ANNUAL BUDGET	<u>April 30, 2015</u>	<u>April 30, 2015</u>	<u>% Budget Used</u>	<u>*OVER/UNDER</u>
Utilities					
4310 - Water	12,100	1,015.46	1,015.46	8.39%	11,084.54
4320 - Electricity	20,100	1,981.54	1,981.54	9.86%	18,118.46
4330 - Gas	<u>21,600</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>21,600.00</u>
Total Utilities	53,800	2,997.00	2,997.00	5.57%	50,803.00
Ordinary Maint. & Operation					
4410 - Labor, Maintenance	58,800	4,450.42	4,450.42	7.57%	54,349.58
4420 - Materials	14,500	792.52	792.52	5.47%	13,707.48
4430.02 - Heating & Cooling Contracts	500	0.00	0.00	0.00%	500.00
4430.04 - Elevator Maintenance Contra	5,500	456.38	456.38	8.30%	5,043.62
4430.05 - Landscape & Grounds Contr	3,800	0.00	0.00	0.00%	3,800.00
4430.06 - Unit Turnaround Contracts	1,000	3,153.99	3,153.99	315.40%	(2,153.99)
4430.07 - Electrical Contracts	500	0.00	0.00	0.00%	500.00
4430.08 - Plumbing Contracts	300	0.00	0.00	0.00%	300.00
4430.09 - Extermination Contracts	500	0.00	0.00	0.00%	500.00
4430.10 - Janitorial Contracts	1,150	0.00	0.00	0.00%	1,150.00
4430.11 - Routine Maintenance Contra	4,000	784.26	784.26	19.61%	3,215.74
4430.12 - Miscellaneous Contracts	2,000	0.00	0.00	0.00%	2,000.00
4431 - Garbage Removal	3,100	244.00	244.00	7.87%	2,856.00
4433 - Employee Benefits - Maint.	<u>24,620</u>	<u>3,675.60</u>	<u>3,675.60</u>	<u>14.93%</u>	<u>20,944.40</u>
Total Ordinary Maint. & Oper.	120,270	13,557.17	13,557.17	11.27%	106,712.83
Protective Services					
Total Protective Services	0	0.00	0.00	0.00%	0.00
General Expense					
4510 - Insurance	17,700	1,474.84	1,474.84	8.33%	16,225.16
4511 - Insurance-Wk Comp	3,010	250.92	250.92	8.34%	2,759.08
4520 - Payment in Lieu of Taxes	<u>16,590</u>	<u>1,430.00</u>	<u>1,430.00</u>	<u>8.62%</u>	<u>15,160.00</u>
Total General Expense	37,300	3,155.76	3,155.76	8.46%	34,144.24
Total Routine Expense	323,690	33,852.13	33,852.13	10.46%	289,837.87
Non-Routine Expense					
Extraordinary Maintenance					
Total Extraordinary Maint.	0	0.00	0.00	0.00%	0.00
Casualty Losses-Not Cap.					
Total Casualty Losses	0	0.00	0.00	0.00%	0.00
Total Non-Routine Expense	0	0.00	0.00	0.00%	0.00
Total Operating Expenses	<u>323,690</u>	<u>33,852.13</u>	<u>33,852.13</u>	<u>10.46%</u>	<u>289,837.87</u>
Operating Income (Loss)	<u>(11,860)</u>	<u>(2,183.30)</u>	<u>(2,183.30)</u>	<u>18.41%</u>	<u>(9,676.70)</u>

See Accountants' Compilation Report

**Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 1 Month Ended April 30, 2015**

		1 Month Ended	1 Month Ended		
	ANNUAL BUDGET	<u>April 30, 2015</u>	<u>April 30, 2015</u>	<u>% Budget Used</u>	<u>*OVER/UNDER</u>
Surplus Credits and Charges					
Total Surplus Credits and Chara	0	0.00	0.00	0.00%	0.00
Capital Expenditures					
7540 - Betterments and Additions	7,500	0.00	0.00	0.00%	7,500.00
7590 - Operating Expenditures-Contra	<u>(7,500)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>(7,500.00)</u>
Total Capital Expenditures	0	0.00	0.00	0.00%	0.00
Other Financial Items					
8010 - Operating Transfer In	<u>20,000</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>20,000.00</u>
Total Other Financial Items	20,000	0.00	0.00	0.00%	20,000.00
Reserve Net Income (Loss)	<u>\$ 640</u>	<u>(6,758.30)</u>	<u>\$ (6,758.30)</u>	<u>(1,055.98)%</u>	<u>\$ 7,398.30</u>

See Accountants' Compilation Report

**Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 12 Months Ended March 31, 2015**

Ideal Percentage- 100.00%			1 Month Ended	12 Months Ended		
	ANNUAL BUDGET	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>% Budget Used</u>	<u>*(OVER)/UNDER</u>	
Operating Income						
Rental Income						
3110 - Dwelling Rental	\$ 231,670	18,522.00	\$ 217,805.49	94.02%	13,864.51	
Total Rental Income	231,670	18,522.00	217,805.49	94.02%	13,864.51	
Revenues - HUD PHA Grants						
3401.2 - Operating Subsidy	46,357	9,197.00	47,212.00	101.84%	(855.00)	
Total HUD PHA Grants	46,357	9,197.00	47,212.00	101.84%	(855.00)	
Nonrental Income						
3610 - Interest Income-Gen. Fund	250	16.03	243.61	97.44%	6.39	
3690 - Tenant Income	12,740	1,121.00	14,392.50	112.97%	(1,652.50)	
3690.1 - Non-Tenant Income	13,360	1,200.00	15,494.23	115.97%	(2,134.23)	
3690.3 - (Gain)/Loss on Sale of Equip	0	(2,905.99)	(2,905.99)	0.00%	2,905.99	
Total Nonrental Income	26,350	(568.96)	27,224.35	103.32%	(874.35)	
Total Operating Income	304,377	27,150.04	292,241.84	96.01%	12,135.16	
Operating Expenses						
Routine Expense						
Administration						
4110 - Administrative Salaries	73,400	3,918.29	71,070.59	96.83%	2,329.41	
4140 - Staff Training	1,400	0.00	1,405.00	100.36%	(5.00)	
4150 - Travel Expense	2,500	231.20	3,512.71	140.51%	(1,012.71)	
4170 - Accounting Fees	5,970	152.83	5,841.09	97.84%	128.91	
4171 - Auditing	4,600	0.00	3,700.00	80.43%	900.00	
4182 - Employee Benefits - Admin	14,650	(65.29)	12,146.00	82.91%	2,504.00	
4185 - Telephone	5,460	618.94	5,234.01	95.86%	225.99	
4190.1 - Publications	230	0.00	0.00	0.00%	230.00	
4190.2 - Membership Dues and Fees	660	(145.00)	490.00	74.24%	170.00	
4190.3 - Admin Service Contracts	2,570	(1,320.58)	2,579.42	100.37%	(9.42)	
4190.4 - Office Supplies	2,000	841.58	2,197.24	109.86%	(197.24)	
4190.5 - Other Sundry Expense	2,300	2,229.56	6,094.90	265.00%	(3,794.90)	
4190.61 - Advertising and Marketing	0	117.40	117.40	0.00%	(117.40)	
Total Administration	115,740	6,578.93	114,388.36	98.83%	1,351.64	
Tenant Services						
4220 - Rec., Publ. & Other Svcs.	400	0.00	219.41	54.85%	180.59	
4230 - Contract Costs-Cable/Monitorin	24,280	1,249.06	22,491.70	92.63%	1,788.30	
Total Tenant Services	24,680	1,249.06	22,711.11	92.02%	1,968.89	

See Accountants' Compilation Report

Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 12 Months Ended March 31, 2015

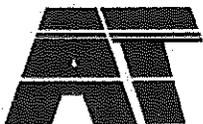
		1 Month Ended	12 Months Ended		
	ANNUAL BUDGET	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>% Budget Used</u>	<u>*OVER/UNDER</u>
Utilities					
4310 - Water	10,300	1,443.10	12,722.54	123.52%	(2,422.54)
4320 - Electricity	20,090	2,059.81	20,830.93	103.69%	(740.93)
4330 - Gas	<u>25,000</u>	<u>5,493.62</u>	<u>29,587.55</u>	<u>118.35%</u>	<u>(4,587.55)</u>
Total Utilities	55,390	8,996.53	63,141.02	113.99%	(7,751.02)
Ordinary Maint. & Operation					
4410 - Labor, Maintenance	62,430	4,468.14	57,998.89	92.90%	4,431.11
4420 - Materials	13,000	1,308.62	13,744.96	105.73%	(744.96)
4430.02 - Heating & Cooling Contracts	500	0.00	471.60	94.32%	28.40
4430.04 - Elevator Maintenance Contra	5,500	(456.38)	6,498.55	118.16%	(998.55)
4430.05 - Landscape & Grounds Contr	3,000	0.00	3,397.72	113.26%	(397.72)
4430.06 - Unit Turnaround Contracts	500	0.00	2,175.08	435.02%	(1,675.08)
4430.07 - Electrical Contracts	500	0.00	0.00	0.00%	500.00
4430.08 - Plumbing Contracts	300	0.00	0.00	0.00%	300.00
4430.09 - Extermination Contracts	1,500	0.00	0.00	0.00%	1,500.00
4430.10 - Janitorial Contracts	1,100	0.00	1,150.00	104.55%	(50.00)
4430.11 - Routine Maintenance Contra	3,700	130.00	3,747.42	101.28%	(47.42)
4430.12 - Miscellaneous Contracts	3,000	(182.40)	1,330.76	44.36%	1,669.24
4431 - Garbage Removal	3,550	244.00	3,115.50	87.76%	434.50
4433 - Employee Benefits - Maint.	<u>24,640</u>	<u>1,884.59</u>	<u>24,454.40</u>	<u>99.25%</u>	<u>185.60</u>
Total Ordinary Maint. & Oper.	123,220	7,396.57	118,084.88	95.83%	5,135.12
Protective Services					
Total Protective Services	0	0.00	0.00	0.00%	0.00
General Expense					
4510 - Insurance	16,730	1,474.84	17,254.35	103.13%	(524.35)
4511 - Insurance-Wk Comp	3,000	223.92	3,000.41	100.01%	(0.41)
4520 - Payment in Lieu of Taxes	17,630	(263.55)	15,466.45	87.73%	2,163.55
4550 - Compensated Absences	1,000	(7,000.44)	(7,000.44)	(700.04)%	8,000.44
4570 - Collection Losses	<u>0</u>	<u>178.00</u>	<u>178.00</u>	<u>0.00%</u>	<u>(178.00)</u>
Total General Expense	38,360	(5,387.23)	28,898.77	75.34%	9,461.23
Total Routine Expense	357,390	18,833.86	347,224.14	97.16%	10,165.86
Non-Routine Expense					
Extraordinary Maintenance					
4610.3 - Contract Costs	<u>0</u>	<u>0.00</u>	<u>1,911.80</u>	<u>0.00%</u>	<u>(1,911.80)</u>
Total Extraordinary Maint.	0	0.00	1,911.80	0.00%	(1,911.80)
Casualty Losses-Not Cap.					
Total Casualty Losses	0	0.00	0.00	0.00%	0.00
Total Non-Routine Expense	0	0.00	1,911.80	0.00%	(1,911.80)
Total Operating Expenses	<u>357,390</u>	<u>18,833.86</u>	<u>349,135.94</u>	<u>97.89%</u>	<u>8,254.06</u>
Operating Income (Loss)	<u>(53,013)</u>	<u>8,316.18</u>	<u>(56,894.10)</u>	<u>107.32%</u>	<u>3,881.10</u>

See Accountants' Compilation Report

**Charlevoix Housing Commission
Public Housing
Statement of Operating Receipts & Expenditures
For the 12 Months Ended March 31, 2015**

	ANNUAL BUDGET	1 Month Ended	12 Months Ended	% Budget Used	*OVER/UNDER
		March 31, 2015	March 31, 2015		
Surplus Credits and Charges					
Total Surplus Credits and Chara	0	0.00	0.00	0.00%	0.00
Capital Expenditures					
7520 - Replacement of Equipment	0	539.10	2,375.30	0.00%	(2,375.30)
7540 - Betterments and Additions	0	0.00	9,764.04	0.00%	(9,764.04)
7590 - Operating Expenditures-Contra	<u>0</u>	<u>(539.10)</u>	<u>(12,139.34)</u>	<u>0.00%</u>	<u>12,139.34</u>
Total Capital Expenditures	0	0.00	0.00	0.00%	0.00
Other Financial Items					
8010 - Operating Transfer In	<u>51,000</u>	<u>0.00</u>	<u>35,634.00</u>	<u>69.87%</u>	<u>15,366.00</u>
Total Other Financial Items	51,000	0.00	35,634.00	69.87%	15,366.00
Reserve Net Income (Loss)	<u>\$ (2,013)</u>	<u>10,683.07</u>	<u>\$ (30,493.45)</u>	<u>1,514.83%</u>	<u>\$ 28,480.45</u>

See Accountants' Compilation Report



ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

Principals - Iron Mountain:

David J. Johnson, CPA
Shane M. Ellison, CPA

Member of:

Private Companies Practice Section
American Institute of Certified
Public Accountants

April 27, 2015

Julie Waterman, Interim Executive Director
Charlevoix Housing Commission
210 West Garfield
Charlevoix, MI 49720

RE: Audit Proposal

We thank you for the opportunity to bid on the Charlevoix Housing Commission. We perform audits for over 50 public housing commissions throughout the states of Michigan and Wisconsin. We have provided audit services to public housing commissions for over 30 years. **We were audited in 2004 & 2009 by HUD'S QASS team based out of Washington D.C. and had no findings relative to those audits.**

Anderson, Tackman & Company, P.L.C. is a mid-western regional certified public accounting firm with four offices in the Upper Peninsula and two offices in Wisconsin. There are presently upwards of sixty principals and professional staff.

I have presented at several conferences for MHDA and UPHO. I have sat on panels with HUD personnel and OIG personnel from HUD on several occasions during other conferences. I have been hired by HUD and OIG on several occasions to work with them on troubled Housing Commissions and those with financial issues.

Your audit will be conducted under Governmental Auditing Standards and will comply with the requirements of GASB 34 and GASB 63. Your financial statements will include your financial data schedule as supplementary information as required by HUD standards.

We will audit your financial statements and then will provide attestation procedures to those financial statements in REAC's PHA web site as required by HUD. We will coordinate this with your fee accountant so as to make sure the process is completed as required.

Our bid to perform the audits is as follows:

March 31, 2015	\$4,200
March 31, 2016	\$4,300

Optional third year:

March 31, 2017	\$4,400
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Page 2
April 27, 2015

Our proposal is based on the auditing standards and requirements that are in effect at the date of this proposal. In the event auditing standards or auditing regulations change during the term of our proposal, our fees may be affected.

A copy of our most recent peer review letter can be viewed at www.aicpa.org.

The audit fieldwork will be performed and submitted to REAC ideally not later than July 31st each year.

If you have any additional questions please do not hesitate to contact me at (906) 774-4300.

Sincerely,

ANDERSON, TACKMAN & COMPANY, P.L.C.



Shane M. Ellison, CPA, CGMA
Principal

CHARLEVOIX HOUSING COMMISSION

Proposal to Provide Professional Audit Services

For the Fiscal Year Ended
March 31, 2015

Smith & Klaczkiewicz, PC
Certified Public Accountants
PO Box 6688
Saginaw, MI 48608-6688

Contact Person:

Robert Klaczkiewicz, CPA
Partner
(989) 751-3064

May 12, 2015

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SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA 989-751-1167

ROBERT R. KLACZKIEWICZ, CPA 989-751-3064

A VETERAN OWNED BUSINESS

May 12, 2015

Julie Waterman
Interim Executive Director
210 West Garfield St.
Charlevoix, MI 49720

Ms. Waterman,

We are pleased to submit our proposal to provide professional audit services to the *Charlevoix Housing Commission*. We are confident you will find that we are fully qualified to perform the desired services and that our fees will prove us to be the Housing Commission's most fiscally responsible choice for audit services.

We understand that the Housing Commission requires an audit of its financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States and *U.S. Department of Housing and Urban Development* requirements for annual audits of Public Housing Agencies.

Our experience as auditors of Public Housing Agencies and other governmental entities allows us to bring the knowledge and expertise necessary to deliver quality services to the *Charlevoix Housing Commission*. Our desire to ensure that you and your staff are completely satisfied with all aspects of the services we provide will prove that no other firm can match the level of service that we deliver.

We anticipate beginning fieldwork during the month of August for the March 31, 2015 audit with completion and submission prior to the December 31, 2015 reporting deadline.

Thank you for considering **Smith & Klaczkiewicz, PC** as the independent auditors for the *Charlevoix Housing Commission*. We welcome the opportunity to answer any questions you may have regarding the accompanying proposal.

The person signing this proposal is entitled to represent **Smith & Klaczkiewicz, PC**, empowered to submit the bid and authorized to sign a contract with the *Charlevoix Housing Commission*.

Sincerely,

Robert Klaczkiewicz, CPA
Smith & Klaczkiewicz, PC

QUALIFICATIONS AND COMPETENCE

Smith & Klaczkiwicz, PC is a veteran-owned CPA firm located in Saginaw, Michigan. The firm was founded by partners Thomas J. Smith, CPA and Robert R. Klaczkiwicz, CPA and is currently staffed by its founding partners.

In order to maintain the technical expertise necessary to provide only the highest level of quality services to our clients, our firm's focus is committed exclusively to providing audit and accounting services to governments and non-profit organizations. We have been providing audit and consulting services to Public Housing Agencies other governmental entities for more than 20 years. We gained most of this experience while working for a large regional CPA firm. We are passionately committed to providing consistent and affordable, value-added services to our clients. The foundation of our services is built upon a genuine concern for our clients' success and is supported by our commitment to providing quality, consistent and affordable services in accordance with all applicable professional standards.

Success in today's municipal environment requires entities like the *Charlevoix Housing Commission* to continue to provide services with fewer resources, while complying with seemingly endless requirements from grantors and oversight agencies. These entities often experience additional and unnecessary frustration when interacting with their auditors. The frustrations stem from the inconsistency of having different individual auditors assigned to the engagement, "valueless" results from the auditor's procedures and increasing costs passed along to them in order to maintain acceptable profit levels demanded by many of the CPA firms that provide these types of services.

The owners of **Smith & Klaczkiwicz, PC** are committed to delivering only the highest quality service to our clients. Our *experience* allows us to know what to expect in audit engagements and gives us the ability to successfully address audit-related situations that your organization will encounter. Our *audit approach* requires that we gain an intimate knowledge of each of your systems and procedures so that we are able to respond to your own unique challenges. Our *business model* provides us the freedom to spend additional time with your organization because we are not limited by the politics and "profit at any cost" mentality of many of our competitors.

Our philosophy regarding acceptance of new clients precludes us from agreeing to perform any services that we are not fully qualified to perform or that we do not anticipate to be able to devote sufficient time to. With **Smith & Klaczkiwicz, PC** you can rest assured that we will not over commit our professionals, which could lead to errors or delays that would place an undue burden on your staff.

Since we are a small CPA firm, our organizational chart is simple yet highly effective and quite beneficial to the clients that we serve. Our clients appreciate the consistent staffing on their engagements and are grateful that they never have to be concerned about staff turnover. The anxiety that can develop from worrying about who will perform the audit and having to "retrain" new auditors from year to year is eliminated.

Smith & Klaczkiewicz, PC has developed a peer alliance with other CPA firms that are located in Saginaw and Grand Rapids. As a member of this alliance, we are able to collaborate with other seasoned professionals on various technical matters and share ideas about how to improve services to our clients. We meet regularly with the other firms in the alliance to share resources and have assisted and utilized the assistance of the other member firms to perform audits of organizations that required specialized expertise. Membership in this alliance greatly increases the “depth” of our firm and allows us to continue to operate as a small firm while having the resources of a larger firm, in the form of access to others with governmental audit experience. No portions of the audit engagement for the *Charlevoix Housing Commission* will be subcontracted to another CPA firm. We will however, utilize all of the resources available to us to ensure that your audit engagement is performed in an effective an efficient manner and that we deliver to you all of the benefits you should expect from your audit firm.

We have read the promises made in other CPA firms’ proposals and have often heard from their clients that the promises that were made were not delivered. The owners of **Smith & Klaczkiewicz, PC** are committed to following through with the statements made in the accompanying proposal and if the *Charlevoix Housing Commission* selects our firm as your independent auditors, we will do whatever is necessary to live up to the promises that we make in this proposal –

- Quality audit service with partners that maintain a knowledge base of existing and proposed audit standards.
- Our commitment that we will keep you informed of all new pronouncements that are expected to impact your organization and a “plain-english” explanation of what those impacts will be.
- Consistent staffing with experienced individuals.

The audit of the *Charlevoix Housing Commission* will be staffed on a full time basis by the engagement partner Robert Klaczkiewicz, with the concurring partner being Thomas Smith. Both partners involved in your engagement are licensed Certified Public Accountants (CPA) and have the required certification and continuing professional education to perform the audit engagement in accordance with generally accepted auditing standards and *Governmental Auditing Standards*.

Robert R Klaczkiewicz, CPA

Robert Klaczkiewicz graduated from *Northwood University* with a Bachelor of Business Administration, Accounting degree in 2001 and passed the uniform certified public accounting exam on his first attempt. Robert Klaczkiewicz has been auditing governmental entities for more than 13 years. Robert has been the lead auditor for several public housing agencies and other governmental organizations. More than one-half of these audits were conducted in accordance with OMB Circular A-133.

Prior to the formation of **Smith & Klaczkiewicz, PC**, Robert was employed at a Community Mental Health Authority, where he was a Manager in the Finance Department. Robert assisted the Authority with grant reporting and helped to coordinate efforts related to the Authority's annual financial audit. Robert was also instrumental in preparing the Authority for compliance audit requirements that were newly implemented by State of Michigan Department of Community Health in 2007.

While employed at the Community Mental Health Authority, Robert was responsible for establishing all financial-related policies and procedures for the *Shelter Plus Care* program, including creation of general accounts to ensure accurate accounting and reporting of grant-funded activities.

As an employee of a municipal authority he was responsible for preparing for, and dealing with, auditors during a recent audit of their own financial statements. How will this experience benefit the ***Charlevoix Housing Commission***? Robert has gained an understanding and first hand knowledge of what it is like to be audited. He is able to empathize with you about the amount time that it takes to prepare for an audit and the burden that an audit can place on an already strenuous workload. He will use his experience to reduce interruptions that can be caused by an audit and will implement planning and fieldwork procedures that will utilize the least amount of time from you, while ensuring that the ***Charlevoix Housing Commission*** receives the highest level of assurance regarding the audit of its financial statements.

Robert is a member of the MACPA and the AICPA and also served on the board and finance committee of Child and Family Services and was treasurer for the Can-Amera Games, Inc.

Thomas J Smith, CPA

Thomas Smith graduated from *Saginaw Valley State University* with a Bachelor of Business Administration, Accounting degree in 1994 and worked as an accounting intern at the *City of Saginaw* during his education. Thomas Smith has been auditing governmental entities since January 1995. In that time, he was the lead auditor for over 60 different governmental and non-profit organizations. For more than 19 years Thomas managed the audits of many medium to large-size governmental entities, trained and mentored fellow associates and maintained and developed professional relationships with key client personnel.

Thomas is the firm's professional education and reference library coordinator and is responsible for maintaining current publications in the library and ensuring that all firm employees maintain a current knowledge base of all applicable professional standards and regulations. The firm's library is equipped with current GASB pronouncements, OMB Circulars (including A-87 and A-133), *Bulletin for Audits of Local Units of Government* and regulations from various State and Federal Agencies that provide funding to local units of government in Michigan. All firm personnel are required to re-familiarize themselves with professional standards and rules and regulations that are uniquely applicable to each client prior to beginning planning or fieldwork for any audit engagement. Our firm's policies and procedures related to continuing professional education will ensure that the audit of the *Charlevoix Housing Commission* will be conducted efficiently and in accordance with all applicable standards and rules and regulations.

Thomas served on a CPA exam standards committee for the AICPA that was an integral part of the process in developing the current format of the CPA exam. Thomas has been a presenter at several training seminars, including seminars sponsored by the County Road Association of Michigan, Health Department Finance Personnel Association, Michigan Association of Certified Public Accountants and several other events.

Engagement partner – (*Robert Klaczkiewicz*) The engagement partner is responsible for the overall audit engagement and is the liaison between the Housing Commission and our firm. The engagement partner is responsible for the planning aspect of the engagement, acts as the auditor in charge of fieldwork and is primarily responsible for concluding the necessary audit procedures and issuing and preparing the appropriate reports and forms in the manner and time requirements set forth in the proposal and by the management of the *Charlevoix Housing Commission*.

Concurring partner – (*Thomas Smith*) The concurring partner will assist the engagement partner in the concluding procedures portion of the engagement. At the completion of the audit, the financial statements and footnotes will undergo a technical review whereby the concurring partner will ensure that the necessary disclosures are included and that the financial statements and footnotes are properly presented in the required manner.

Our system of internal quality control requires that all audit engagements are reviewed by an engagement partner and a concurring partner and that all procedures and financial statements are approved prior to issuance. Through this review process, we are able to assure our clients that their financial reports have been subjected to the most stringent review of technical compliance and reporting excellence available.

Our firm's professionals are required to attend at least 40 hours of continuing professional education annually. We are also required and have completed a minimum of 24 hours (every two years) of continuing education and training in subjects directly related to the governmental environment and to the audit requirements for governmental engagements. Along with these 24 hours, both Thomas and Robert attend 8 hours every two years of continuing education and training tailored directly to HUD programs.

Along with serving as members of various non-profit boards of directors and finance committees, both Thomas and Robert are members of the MACPA and the AICPA. Our firm subscribes to the L-Soft list server for semi-annual reports and the IGREPORT L-list through the Department of Housing and Urban Development and receives HUD updates as they become available.

INDEPENDENCE

In all matters relating to the audit work, the audit organization and the individual auditor must be free from personal, external and organizational impairments to independence. Such possible impairments include family members serving in management positions at the *Charlevoix Housing Commission*, designing and installing accounting systems, and conducting an executive search. We affirm that we have performed no such services for the Housing Commission.

We further affirm that we are free of any independence conflicts, as defined by the U.S. General Accounting Office's Governmental Auditing Standards and are otherwise independent of the *Charlevoix Housing Commission*, in both fact and appearance.

Smith & Klaczkiewicz, PC has no potential conflicts of interest regarding our ability to respond to the Housing Commission's request for proposal for audit services or to perform the required services.

We certify that **Smith & Klaczkiewicz, PC** is not debarred, suspended or otherwise prohibited from professional practice by any Federal, State or Local agency.

FIRM QUALIFICATIONS AND EXPERIENCE

Our experience has taught us that one of the most common complaints of audit clients is that the individuals assigned to perform the audit is not consistent from year to year. This situation is certainly prevalent among many of our main competitors and is a true frustration to the organizations that they serve. All too often, organizations are promised consistent, experienced staffing by their CPA firm, only to be forced into “retraining” their auditors every year because of turnover and other factors that exist in other firms. We understand these frustrations and are optimally positioned to be able to fulfill the promise of not removing any member of your audit team for the duration of the engagement period unless we receive written permission directing us to do so from the *Charlevoix Housing Commission*.

Our experience in providing the proposed services is impressive. Along with Robert being previously employed at a CMH, we have audited many local units of government similar to that of the *Charlevoix Housing Commission*. Following is an abbreviated list of those organizations:

Name:	Marquette Housing Commission
Telephone:	(906) 226-7559
Point of Contact:	Sharon Kiviko
Name:	Sault Ste. Marie Housing Commission
Telephone:	(906) 635-5841
Point of Contact:	Linda Laford
Name:	Mackinac County Housing Commission
Telephone:	(906) 586-3414
Point of Contact:	Kathleen Schuetter
Name:	Rogers City Housing Commission
Telephone:	(989) 734-7303
Point of Contact:	Sally Goupell
Name:	Bay City Housing Commission
Telephone:	(989) 892-9581
Point of Contact:	Doug Rise
Name:	Reed City Housing Commission
Telephone:	(231) 832-2762
Point of Contact:	Anjanette Shoemaker
Name:	Mt. Pleasant Housing Commission
Telephone:	(989) 773-3784
Point of Contact:	Kim Carrion

Name: **St. Clair City Housing Commission**
Telephone: (810) 329-9141
Point of Contact: Lorena Loren

Name: **Algonac Housing Commission**
Telephone: (810) 794-9369
Point of Contact: Misty Harvey

Name: **Big Rapids Housing Commission**
Telephone: (231) 796-8689
Point of Contact: Mark Sochocki

Name: **Coldwater Housing Commission**
Telephone: (517) 278-2660
Point of Contact: Cathy Gordon

Name: **Dundee Housing Commission**
Telephone: (734) 529-2828
Point of Contact: Sandra Benore

Name: **Bedford Township Housing Commission**
Telephone: (734) 847-3950
Point of Contact: Susan Soda

Name: **Munising Housing Commission**
Telephone: (906) 387-4084
Point of Contact: Patricia Downs

Name: **Cheboygan Housing Commission**
Telephone: (231) 627-7189
Point of Contact: Miki Melching

Name: **Rockford Housing Commission**
Telephone: (616) 866-0371
Point of Contact: Lisa Remely

Name: **Bay County Housing Department**
Telephone: (989) 895-8191
Point of Contact: Rachelle Anderson

REFERENCE STANDARDS AND AUDIT APPROACH

We understand that the *Charlevoix Housing Commission* requires an audit of its financial statements for the year ended March 31, 2015 and the electronic submission through REAC. We further understand that the audit must be performed in accordance with all applicable laws, regulations, contracts and policies in effect at the time of the audits, including but not limited to the following:

- **Generally Accepted Auditing Standards** – these are the auditing standards, developed by the AICPA, consisting of general standards, standards of fieldwork, and standards of reporting, along with interpretations.
- **United States General Accountability Office “Government Auditing Standards”** - these standards generally contain requirements and guidance for dealing with ethics, independence, auditors’ professional competence and judgment, quality control, the performance of fieldwork, and reporting.

We will complete our audit engagement in three phases: preliminary fieldwork (planning), year-end fieldwork, and document completion, review, and issuance. As a practice aid we will be using Practitioners Publishing Company’s (PPC) Guide to Audits of Local Governments, which is the industry standard for governmental audit engagements. The standard system for quality control and related audit programs will be customized for your engagement based on our risk assessments and the scope of the audit engagement. The details of each phase of the engagements are discussed below.

Planning – We will conduct an initial planning meeting with your staff. During this meeting; we will identify the information needed for the audit, and identify any issues which will require special attention during the audit process.

Shortly after our planning meeting we will gather information necessary to develop the preliminary plan for your audit, identify accounts requiring confirmations, and document and test your system of internal control. The documentation and testing of your system of internal control will include review of your systems documentation, control system walkthroughs, and testing of controls (as necessary).

During the planning phase of each engagement we will analyze current year operations to date, review board minutes, inquire of staff and board members, review audit guides and compliance supplements (as necessary), and discuss expectations and issues with management. This process will provide us with a base for our preliminary audit risk assessment. This process will include the preparation of various checklists and memorandums by your staff. We will meet with your staff following our preliminary fieldwork and summarize the results of our preliminary planning activities.

Year-end Fieldwork – At the start of fieldwork, we will obtain from the **Charlevoix Housing Commission**, the trial balance and the unaudited Financial Data Schedules. From the trial balance and Financial Data Schedules we will prepare lead schedules and audit workpapers. We will utilize these documents to conduct our audit. Our understanding of your process and our expertise in using technology will significantly enhance the efficiency and effectiveness of the entire audit process.

Once we receive your trial balance and Financial Data Schedules and prepare the draft financial statements and schedule of expenditures of federal awards, we will analytically review the draft financial statements, and document our assessment of audit risk. Giving consideration to all of the information gathered during the other planning procedures, we will:

- Identify the significant audit areas and the procedures to be performed in each audit area.
- Modify our standard audit programs to correlate with our risk assessments.
- Quantify materiality by opinion unit.
- Finish all quality control planning documents.
- Meet with your staff to discuss the procedures to be performed.

Our understanding of your systems of internal control and your draft financial statements and schedules serve as the foundation for our internal control, account balance, and compliance testing. We may utilize statistical sampling models based on the size and nature of the population being tested. Our use of sampling will be based on our risk assessments, auditing standards, compliance requirements, and professional judgment.

We will also request and utilize your transaction level account information to provide significant efficiencies for both our firm and your organization during the audit process. These efficiencies will be generated from our ability to analyze all transactions making up each account balance and ultimately all activity within a financial statement caption utilizing electronic format information and various tools and models. We will utilize Excel and various models developed within Excel to select samples, review transactions for unusual activity, reconcile revenues and expenditures associated with the financial statements, provide your staff with detailed listings of transactions requiring substantiation and various other activities utilizing this very detailed information. We may also utilize various other software products to extract and analyze the transaction and summary level data.

A typical financial audit would involve applying substantive procedures to the balance sheet captions such as cash and cash equivalents, receivables, capital assets, accounts payable, and other liabilities. Revenues may be tested through reconciliation to supporting documents, recalculation based on rates, production, and/or other units of measure, confirmations, reconciliation of federal financial assistance to the general ledger, predictive tests, as well as analytically. Expenses may be tested substantively and/or using an analytical analysis such as comparison of budget, actual and prior year balances using quantified materiality as a measurement tool. Our testing will generate various inquiries, which will be directed to the appropriate staff, whose responses we may then corroborate.

At the completion of fieldwork we will meet with the appropriate administrative staff and discuss the results of our fieldwork, review any necessary modifications to the financial statements, and identify any potential management letter comments and findings.

Documentation Completion, review, and issuance – When the Management’s Discussion and Analysis (MD&A) and supplementary information are available we will complete our procedures. These procedures will include principally inquiries of management regarding the methods of measurement and presentation of the required supplementary and any statistical information to be included in the audit reports. As procedures are completed, the workpapers and audit quality control documents will be reviewed as part of our internal system of quality control. All comments and issues generated by these reviews will be resolved in the field.

With the audit workpapers and quality control documents completed and reviewed by the engagement and concurring partner, we will focus our efforts on assuring that an accurate report in accordance with generally accepted accounting principals is issued. At this point the financial statements and other reports will be reviewed for format, presentation, and compliance with all applicable professional guidance and technical pronouncements by the engagement partner and the concurring partner.

Through the review process, we are able to assure our clients that their financial reports have been subjected to the most stringent review of technical compliance and reporting excellence available.

At the completion of our review of your reports, we will provide you with draft copies of the financial statements, accompanying footnotes and other communications. We will discuss our documents and identify any changes or corrections that need to be made to the entire reports before leaving your offices. After incorporating your input, we will finalize, reproduce, assemble and deliver the audit reports.

We will create the audit report into PDF’s for the *Charlevoix Housing Commission’s* relevant financial information in the proper format so that they may be uploaded to the United States Department of Housing and Urban Development Real Estate Assessment Center online system (REAC). After the Housing Commission has completed the upload process, we will perform our Agreed-Upon Procedures portion of the engagement through REAC. **Smith & Klaczkiewicz, PC** has an active UII number and ID and is very familiar with this process.

We will also complete the *Auditing Procedures Report* required by the State of Michigan and will upload it, along with your financial statements and management letter (as applicable), to the appropriate agencies, as required laws and regulations pertaining to these matters.

We do not anticipate this occurring but if our audit is judged unacceptable by the state, a cognizant agency, or any other government agency, we will do what ever is necessary to satisfy the agency which rejected the audit at no extra cost to the Housing Commission.

FEE SCHEDULE

Our not-to-exceed fees, including out-of pocket expenses for the audit services outlined in the request for proposal, for the year ended March 31, 2015 is as follows:

	<u>2015</u>
Audit fee, including electronic filing to HUD's FASS module	<u>\$ 4,600</u>

The above fee is inclusive of all travel and report production costs and are based on the fact that the accounting records of the *Charlevoix Housing Commission* will be in a condition acceptable for audit (Bank accounts in balance, accounts receivable and accounts payable account details have been properly prepared and maintained, etc.).

We encourage regular contact with our clients during the year and are always available for any technical assistance you may have. This technical assistance will be provided at no cost to the *Charlevoix Housing Commission* unless we incur significant time to research and respond to your request (generally more than one hour). Technical assistance that requires more than one hour for research and response will be invoiced at our standard hourly rate of \$75 per hour. In any event, we will inform you in advance if we believe that a particular service will require an additional fee.

As is common among all organizations, you want an efficient and cost-effective audit approach. In striving for efficiencies, however, we both agree that our approach cannot omit necessary audit procedures or sacrifice ongoing communication and responsiveness. Therefore, our goal in working with you is to ensure a high-quality audit with no surprises.

We believe the audit should also be more than simply a historical compliance activity – it should provide ideas and suggestion to improve accounting procedures and internal controls and include discussions with you to review you financial statements and what they should be telling you. Our approach is to deliver an efficient and effective audit by balancing risk, value and cost.



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email: ringocpa@msn.com
33762 Schoolcraft Rd., Livonia, MI 48150

Member American Institute of Certified Public Accountants
Member Michigan Association of Certified Public Accountants
Member California Society of Certified Public Accountants

System Review Report

July 13, 2012

To the Managing Partner of Smith & Klaczkiewicz, PC
and the Peer Review Committee of the Michigan Association of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Smith & Klaczkiewicz, PC (the firm) in effect for the year ended March 31, 2012. Our peer review was conducted in accordance with the *Standards for Performing and Reporting on Peer Reviews* established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

The engagements selected included audits performed under governmental auditing standards.

In our opinion, the system of quality control for the accounting and auditing practice of Smith & Klaczkiewicz, PC in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Smith & Klaczkiewicz, PC has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Ringo & Assoc. PC".

Ringo & Associates, PC
Reviewer



Professional Services Invoice

Charlevoix Housing Commission
210 W. Garfield Ave, Apt 101
Charlevoix, MI 49720

05/14/15
Invoice #: 10606891
Thru Date: 04/23/15

Attention: Julie Waterman

Billing Attorney: 0046 - Dinon, Laura Arbour
RE: Charlevoix Housing Commission General Employment

Open Date: 04/01/15
Our File: 25145-51016
Your File:

Current Fees Due	\$5,376.00
Current Disbursements	<u>0.00</u>
Total This Invoice	\$5,376.00
Total Amount Due	<u>\$5,376.00</u>

Please remit to:
Plunkett Cooney
38505 Woodward, Ste. 2000
Bloomfield Hills, MI 48304

ATTORNEYS & COUNSELORS AT LAW

BILL FOR SERVICES RENDERED

<u>Date</u>	<u>TKPR</u>	<u>DESCRIPTION</u>	<u>HRS</u>
02/09/15	LAD	COMMUNICATE (WITH CLIENT) G. STEVENS CHARLEVOIX HOUSING COMMISSION RE: UNEMPLOYMENT ISSUE	0.20
02/10/15	LAD	RESEARCH UNEMPLOYMENT MISCONDUCT STANDARDS-HOUSING COMMISSION	0.40
02/10/15	LAD	DRAFTING OF UNEMPLOYMENT RESPONSE, WITH EXHIBITS, AND DETAILED EMAIL TO HOUSING COMMISSION	1.80
02/10/15	LAD	REVIEW/ANALYZE DOCUMENTS FROM CHARLEVOIX HOUSING COMMISSION	1.80
02/10/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL NARRATIVE FROM HOUSING COMMISSION	0.50
02/10/15	LAD	COMMUNICATE (WITH CLIENT) E-MAILS TO AND FROM CLIENT RE: UNEMPLOYMENT RESPONSES-HOUSING COMMISSION	0.40
02/11/15	LAD	DRAFTING OF UNEMPLOYMENT FORMS AND FILE WITH LARA-HOUSING COMMISSION	0.30
02/12/15	LAD	COMMUNICATE (WITH CLIENT) EMAIL CORRESPONDENCE TO CLIENT REARDING UIA RESPONSE.-HOUSING COMMISSION	0.10
02/19/15	LAD	DRAFTING OF LETTER RE: EMPLOYEE ISSUE-HOUSING COMMISSION	1.50
02/19/15	LAD	REVIEW/ANALYZE PERSONNEL POLICIES-HOUSING COMMISSION	1.00
02/19/15	LAD	REVIEW/ANALYZE JOB DESCRIPTIONS-HOUSING COMMISSION	0.50
02/19/15	LAD	REVIEW/ANALYZE E-MAIL FROM CLIENT WITH PAYROLL DOCUMENTS - HOUSING COMMISSION	0.30
02/19/15	LAD	REVIEW/ANALYZE E-MAILS FROM CLIENT WITH BENEFIT AND PAYROLL ATTACHMENTS-HOUSING COMMISSION	0.20
02/19/15	LAD	REVIEW/ANALYZE E-MAIL FROM CLIENT WITH FINAL PAYROLL INFO-HOUSING COMMISSION	0.20
02/19/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL WITH ATTACHMENT FROM CLIENT RE: EMPLOYEE ISSUE -HOUSING COMMISSION	1.50
02/19/15	LAD	COMMUNICATE (WITH CLIENT) MULTIPLE E-MAILS TO AND FROM CLINET RE: EMPLOYEE ISSUES, BENEFIT ISSUES - HOUSING COMMISSION	1.90

02/19/15	LAD	COMMUNICATE (WITH CLIENT) CLIENT RE: HC EMPLOYEE ISSUE	0.20	
02/20/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL TO CLIENT RE: EMPLOYEE ISSUE - HOUSING COMMISSION	0.20	
02/20/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL FROM CLIENT RE: EMPLOYEE ISSUE- HOUSING COMMISSION	0.40	
02/20/15	LAD	COMMUNICATE (OTHER EXTERNAL) R. H-HC	0.20	
02/23/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL FROM CLIENT WITH CORRESPONDENCE ATTACHED RE: EMPLOYEE ISSUE - HOUSING COMMISSION	0.40	
02/23/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL TO CLIENT RE: EMPLOYEE ISSUE - HOUSING COMMISSION	0.20	
02/23/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL FROM CLIENT RE: LARA NOTICES - HOUSING COMMISSION	1.00	
02/23/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL TO CLIENT RE: LARA PROCEEDINGS - HOUSING COMMISSION	0.20	
03/18/15	LAD	COMMUNICATE (WITH CLIENT) G. STEVENS - RE: HOUSING COMMISSION HIRING ISSUE	0.20	
03/18/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL FROM CLIENT WITH UNEMPLOYMENT DENIAL ATTACHED - HOUSING COMMISSION	0.40	
03/19/15	LAD	COMMUNICATE (WITH CLIENT) E-MAIL TO CLIENT RE: UNEMPLOYMENT APPEAL PROCESS - HOUSING COMMISSION	0.20	
03/20/15	LAD	RESEARCH HOUSING COMMISSION RULES RE: CONFLICTS	0.70	
03/20/15	LAD	COMMUNICATE (WITH CLIENT) MET WITH BOARD MEMBERS TO DISCUSS EXECUTIVE DIRECTOR POSITION	0.80	
03/30/15	LAD	RESEARCH HOUSING COMMISSION EMPLOYEE ISSUES	0.70	
03/30/15	LAD	DRAFTING OF OPINION LETTER RE: EMPLOYEE ISSUES	1.40	
03/30/15	LAD	REVIEW/ANALYZE DOCUMENTS PROVIDED BY HC BOARD MEMBERS RE: HIRING ISSUES	1.50	
04/06/15	LAD	REVIEW/ANALYZE E-MAIL AND DOCUMENTS RE: OPINION LETTER ADDENDUM	0.40	
04/06/15	LAD	COMMUNICATE (WITH CLIENT) L. LEFT RE: EXECUTIVE DIRECTOR CHECKS AND BALANCES	0.30	
04/06/15	LAD	COMMUNICATE (WITH CLIENT) ADDENDUM TO BOARD LETTER	0.40	
04/22/15	LAD	COMMUNICATE (WITH CLIENT)	0.30	N/C

TOTAL ATTORNEY HOURS AND FEES	22.70	\$5,376.00
TOTAL HOURS AND FEES	22.70	\$5,376.00
NET FEES DUE		<u>\$5,376.00</u>

HOURS RECAP

	<u>HOURS</u>		<u>RATE</u>	<u>AMOUNT</u>
	22.40	@	240.00	5,376.00
	0.30	@	0.00	0.00
TOTALS	22.70			\$5,376.00

ATTORNEY RECAP

<u>TIMEKEEPER</u>	<u>HOURS</u>		<u>RATE</u>	<u>AMOUNT</u>
0046 - Dinon, Laura Arbour	22.40	@	240.00	\$5,376.00
0046 - Dinon, Laura Arbour	0.30	@	0.00	\$0.00
TOTAL HOURS AND FEES	22.70			\$5,376.00
NET FEES				\$5,376.00
TOTAL BILL FOR SERVICES RENDERED				\$5,376.00