



225 S Camburn St  
Stanton, MI, 48888  
Phone (989) 831.4440  
Fax (989) 831.5756  
[www.StantonOnline.com](http://www.StantonOnline.com)

**STANTON CITY COMMISSION**  
**Regular Meeting Agenda**  
**April 28, 2020**  
**7:00 PM**

*According to the Attorney General, interrupting a public meeting in Michigan with hate speech or profanity could result in criminal charges under several State statutes relating to Fraudulent Access to a Computer or Network (MCL 752.797) and/or Malicious Use of Electronics Communication (MCL 750.540). According to the US Attorney for Eastern Michigan, Federal charges may include disrupting a public meeting, computer intrusion, using a computer to commit a crime, hate crimes, fraud, or transmitting threatening communications. Public meetings are being monitored and violations of statutes will be prosecuted.*

**1. Call to Order**

**2. Pledge of Allegiance**

**3. Roll Call:**

Mayor Lori Williams  
Mayor Pro Tem  
Vladimir Edelman  
Commissioner Jane Basom

Commissioner Ray Holloway  
Commissioner Michael Mazzola  
Commissioner Charles Miel  
Commissioner Mary Thomas

**4. Approval of Agenda**

**5. Public Comments and/or Questions** (Public Comments shall be limited to 3 minutes per person. A person wishing to address the Commission shall state their name and address for the official record. The Commission may at their discretion respond to comments and/or questions after all have been received.)

**6. Standing Items**

- a. Approval of commission meeting minutes of April 14, 2020
- b. Approval of bill payments for the month of April 2020 in the total amount of \$34,842.93.

**7. Monthly Reports**

- a. Stanton Police Department
- b. Stanton Public Works
- c. Clerk/Treasurer Report
- d. City Manager
  - i. Coronavirus (COVID-19) Emergency Response Update

- ii. Water & Sewer Rate Adjustments for FY 2020-21
- iii. Capital Improvement Projects

**8. New Business**

- a. Consideration by City Commission to approve a bid award to Berthiaume & Company for a three-year contract to provide professional auditing services.
- b. Consideration by City Commission to accept the letter of interest from the Michigan Economic Development Corporation (MEDC) and to approve proceeding in the application review process of the Community Development Block Grant (CDBG) Infrastructure and Resiliency Program.
- c. Consideration by City Commission to set May 12 as the date to hold a public hearing on the City of Stanton proposed budget for Fiscal Year 2020-2021.

**9. Committee Reports**

**10. Public Comments**

**11. Commission Comments**

- a. Planning Commission Members

**12. Adjournment**

**City of Stanton**  
**Regular Meeting Minutes**  
**April 14, 2020**

1. **Call to Order: Pledge of Allegiance** – The City of Stanton regular meeting was called to order via zoom conference video at 7:09p.m. by Mayor Lori Williams with the Pledge of Allegiance.
2. **Roll Call:** Mayor Lori Williams, Jane Basom, Vladimir Edelman, Ray Holloway, Mike Mazzola, Chuck Miel, Mary Thomas  
Absent: None
3. **Approval of Agenda**  
Motion made by Mazzola second by Thomas to approve the agenda. Motion carried on a voice vote.
4. **Public Comments:** None
5. **Standing Items**
  - a. Motion made by Edelman second by Basom to approve the Regular Meeting Minutes of March 3, 2020. Motion carried on a voice vote.
  - b. Motion made by Mazzola second by Edelman to approve the bills for March 2020 in the amount of \$112,402.22. Motion carried on a voice vote.
  - c. Motion made by Edelman second by Mazzola to approve the bills for April 2020 in the amount of \$56,620.12. Motion carried on a voice vote.
  - d. Motion made by Basom second by Thomas to accept the Revenues and Expenditures Report for March 2020. Motion carried on a voice vote.
6. **Monthly Reports**
  - a. Stanton Police Department – City Manager Davis thanked the police department for all they have been doing during the COVID-19 as they are essential workers, also Officer Bryce did an hour training for the COVID-19. He also stated that the internal controller at the MMDHD is doing a tremendous job at keeping everyone informed and updated.
  - b. DPW Report
  - c. Clerk/Treasurer Financial Report
  - d. City Manager – gave updates on the following
    - i. Coronavirus (COVID-19) Emergency Response Update
    - ii. MEDC & Small Business Association Relief Programs
    - iii. Habitat for Humanity, Michael Adams gave an update that the house on First Street is completed and the residents have moved in, also they have started building on the Bellevue Street lot. There was discussion about having two families that Habitat for Humanity wanted to place in Stanton yet this year. Motion made by Miel second by Edelman to give the lot at 335 Second Street to Habitat for Humanity for the second family, to be built on yet this year. Motion passed on a voice vote.

**7. New Business:**

- a. No motion was needed but there was an Overview of the City of Stanton proposed department budgets for fiscal year 2020-2021.

**8. Committee Reports:**

Planning Commission report on zoning for marihuana facilities and events in the City of Stanton. Motion made by Miel second by Mazzola to table the zoning for marihuana facilities and events until the Planning Commission has the May 6, 2020 meeting to approve the April 1 meeting minutes. Motion passed on a voice vote.

**9. Public Comments:**

Diane Lowell, DDA, asked that a letter she had written be read about forgiving taxes due to COVID-19.

**10. Commission Comments:**

Commissioner Miel thinks the staff is doing great and appreciates the extra efforts during this time.

Mayor Williams would like everyone to stay safe and stay home.

**11. Adjournment**

Motion made by Edelman second by Miel to adjourn meeting at 8:08p.m.

Motion carried on a voice vote.

Lori Williams, Mayor

Lori Braman, Clerk

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 101 GENERAL FUND							
04/10/2020	STANT	9188*#	CONSUMERS ENERGY	100 CEMETERY ST.	920.000	448	40.67
				225 S. CAMBURN ST.	920.000	448	247.56
				300 S. MILL ST.	920.000	448	367.16
				119 W. MAIN ST. #WTR	920.000	448	25.77
				119 S. COURT ST.	920.000	448	136.91
				117 S. LINCOLN ST.	920.000	448	85.50
				320 S LINCOLN ST	920.000	448	29.67
				421 E. MAIN ST.	920.000	448	61.63
				125 S. CAMBURN ST.	920.000	448	27.67
				CHECK STANT 9188 TOTAL FOR FUND 101:			<u>1,022.54</u>
04/15/2020	STANT	9192	AMERITAS LIFE INSURANCE	INSURANCE	710.000	850	648.11
04/15/2020	STANT	9193	BLOOM SLUGGETT	PROFESSIONAL SERVICES	801.000	171	109.50
04/15/2020	STANT	9194	CITY OF STANTON	WATER/SEWER	921.000	448	123.30
04/15/2020	STANT	9196	MAIN STREET PLANNING COMPANY	PROFESSIONAL SERVICES	801.000	172	530.15
				PROFESSIONAL SERVICES	801.000	172	4,484.50
				CHECK STANT 9196 TOTAL FOR FUND 101:			<u>5,014.65</u>
04/15/2020	STANT	9197	MCDONALD EQUIPMENT CO	REPAIR, MAINTENANCE	775.000	441	286.25
04/15/2020	STANT	9198#	REPUBLIC SERVICES #239	REFUNDS & REBATES	687.000	101	515.52
				REPAIR, MAINTENANCE	775.000	441	200.70
				CHECK STANT 9198 TOTAL FOR FUND 101:			<u>716.22</u>
04/15/2020	STANT	9199	WEST SHORE SERVICES, INC	FIRE DEPARTMENT	712.000	850	768.63
04/21/2020	STANT	9201*	CITY OF STANTON	DUE TO PAYROLL CLEARING FUND	214.750	000	11,563.35
04/22/2020	STANT	9203#	FIRST BANKCARD	MATERIALS AND SUPPLIES	726.000	172	80.26
				PROFESSIONAL SERVICES	801.000	172	51.45
				MATERIALS AND SUPPLIES	726.000	441	24.60
				CONFERENCE AND TRAINING	728.000	441	95.00
				REPAIR, MAINTENANCE	775.000	441	196.06
				CHECK STANT 9203 TOTAL FOR FUND 101:			<u>447.37</u>
04/22/2020	STANT	9204	LAUREL K GRAVELYN	CONFERENCE AND TRAINING	728.000	262	34.16
04/22/2020	STANT	9205	MICHIGAN OFFICE SOLUTIONS, INC	CONTRACTUAL SERVICES	806.000	172	78.29
04/22/2020	STANT	9206	PRIORITY HEALTH	INSURANCE	710.000	850	6,653.39

04/22/2020 03:13 PM  
User: LBRAMAN  
DB: Stanton

CHECK DISBURSEMENT REPORT FOR CITY OF STANTON  
CHECK DATE FROM 04/08/2020 - 04/22/2020

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 101 GENERAL FUND							
04/22/2020	STANT	9207	STANDARD INSURANCE COMPANY	INSURANCE	710.000	850	235.42
Total for fund 101 GENERAL FUND							27,701.18

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DB: Stanton

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CHECK DATE FROM 04/08/2020 - 04/22/2020

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 202 MAJOR STREET FUND							
04/21/2020	STANT	9201*	CITY OF STANTON	DUE TO PAYROLL CLEARING FUND	214.750	000	567.21
Total for fund 202 MAJOR STREET FUND							567.21

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DB: Stanton

CHECK DISBURSEMENT REPORT FOR CITY OF STANTON  
CHECK DATE FROM 04/08/2020 - 04/22/2020

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 203 LOCAL STREET FUND							
04/21/2020	STANT	9201*	CITY OF STANTON	DUE TO PAYROLL CLEARING FUND	214.750	000	567.22
Total for fund 203 LOCAL STREET FUND							567.22

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 590 SEWER FUND							
04/10/2020	STANT	9188*#	CONSUMERS ENERGY	1100 S, CAMBURN ST.	920.000	536	305.24
				300 W. WALNUT ST.	920.000	536	26.97
				507 W. MAIN	920.000	536	16.70
				507 W. MAIN ST.	920.000	536	244.09
				900 S. CAMBURN ST.	920.000	536	1,660.99
				717 N. CAMBURN ST.	920.000	536	47.29
				301 S. MILL	920.000	536	16.07
				301 S. MILL ST.	920.000	536	310.45
				CHECK STANT 9188 TOTAL FOR FUND 590:			<u>2,627.80</u>
04/21/2020	STANT	9201*	CITY OF STANTON	DUE TO PAYROLL CLEARING FUND	214.750	000	901.87
				Total for fund 590 SEWER FUND			3,529.67

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DB: Stanton

CHECK DISBURSEMENT REPORT FOR CITY OF STANTON  
CHECK DATE FROM 04/08/2020 - 04/22/2020

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 591 WATER FUND							
04/10/2020	STANT	9188*#	CONSUMERS ENERGY	319 N. MILL ST.	920.000	536	26.04
				601 N. NEW ST.	920.000	536	907.46
				721 N. CAMBURN ST.	920.000	536	157.09
				CHECK STANT 9188 TOTAL FOR FUND 591:			<u>1,090.59</u>
04/10/2020	STANT	9191	STATE OF MICHIGAN	SAMPLING	804.000	536	32.00
04/15/2020	STANT	9195	GENERAL FUND	POSTAGE	727.000	536	26.75
04/21/2020	STANT	9201*	CITY OF STANTON	DUE TO PAYROLL CLEARING FUND	214.750	000	901.77
04/22/2020	STANT	9202	ELHORN ENGINEERING	REPAIR, MAINTENANCE	775.000	536	304.50
				Total for fund 591 WATER FUND			2,355.61

Check Date	Bank	Check #	Payee	Description	Account	Dept	Amount
Fund: 703 TAX ACCOUNT							
04/10/2020	TAX	3529	GENERAL FUND	GENERAL FUND	818.000	000	122.04
Total for fund 703 TAX ACCOUNT							122.04
TOTAL - ALL FUNDS							34,842.93

'\*'-INDICATES CHECK DISTRIBUTED TO MORE THAN ONE FUND

'#'-INDICATES CHECK DISTRIBUTED TO MORE THAN ONE DEPARTMENT



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## March 2020 High Lights

### MARCH 1

Our Dept. along with officers from Lakeview and Carson City took part in active shooter training at the old elementary school here in Stanton. The training was put on by Sheriff's Dept. range instructors .We found the training to be very beneficial.

### MARCH 3

Assisted EMS with a medical call in the City

### MARCH 20

Assisted MSP with a pickup order on E. Stanton Rd.

### MARCH 25

Assisted Stanton Fire in the City

### ADDITIONAL

We would like to thank Wendie Switala for donating face masks to the Dept.

I have been advised by Dick Jamison from the American Legion that the Memorial Day parade has been cancelled.

Chief Joe Patino





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## MEMORANDUM

**To:** Mayor Williams & Stanton City Commission  
**From:** Vester Davis, Jr., City Manager  
**Date:** April 24, 2020  
**Subject:** Water & Sewer Rate Schedule for FY 2020-2021

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### BACKGROUND

In November, staff from Prein & Newhof and Baker Tilly gave presentations on the Stormwater, Asset Management, and Wastewater (SAW) findings and recommendations. Also presented were recommended capital improvement projects for the water, sewer and stormwater utility systems. Baker Tilly suggested financing the capital improvements by utility rate increases, bonding, and grant seeking. At the conclusion of the meeting there appeared to be general support of the financing plan as presented. \*NOTE: A grant award for utility improvements does not lessen or eliminate the need for annual rate adjustments.

Enclosed are the proposed water and sewer rate schedule for the fiscal year beginning July 1, 2020. The proposed rate adjustments are in-line with the projections previously discussed in November. Furthermore, the proposed rate adjustments will benefit the public by helping to fund the ongoing Operations and Maintenance of the municipal owned utilities for Water and Sewer.

### RECOMMENDED RATE ADJUSTMENT

Per section 13.2 Rates and Charges of the City of Stanton Charter, “The city commission shall provide for the charging of just and reasonable rates as may be necessary for the operation of any utility.”

Baker Tilly Municipal Advisors concurrently completed a Water Rate Study with the Sewer Rate Study included in the SAW Grant – Asset Management Financial Plan. Currently no rate structure exists for the stormwater utility system, therefore, the general fund is called upon for project funding.

Sewer – Baker Tilly recommends a two-step increase of sewer rates for readiness to charge, user fee rates, additional units, and flat rate fees. After the second rate adjustment, all

rates will increase annually by 3%, for ten years. Shown on the charts below are current rates and proposed increases beginning July 1, 2020 for both sewer and water.

<b>Sewer</b>	<b>2019/20 (Current)</b>	<b>2020/21 (Adjustments)</b>	<b>Increase</b>
Readiness to Serve (monthly)	\$20.92	\$23.92	\$3.00
User fee rate (per 1,000 gal.)	\$3.43	\$3.93	\$.50
Additional unit (monthly)	\$14.45	\$16.52	\$2.07
Flat rate fee (monthly)	\$31.99	\$36.58	\$4.59

Water – Baker Tilly recommends increasing the existing annual statutory fee increase for water readiness to serve, user fee rates, additional units, and flat rate fees by 1%, which means the annual increase will be 3%, or the consumer general price level, whichever is greater.

<b>Water</b>	<b>2019/20 (Current)</b>	<b>2020/21 (3% increase)</b>	<b>Dollar Increase</b>
Readiness to Serve (monthly)	\$19.25	\$19.83	\$0.58
User fee rate (per 1,000 gal.)	\$3.73	\$3.84	\$0.11
Additional fee (monthly)	\$13.28	\$13.68	\$0.40

## **BENEFITS FOR WATER AND SEWER RATE ADJUSTMENTS**

Water/Sewer utilities are enterprise operations that should produce enough revenues to support its operations, debt, and capital improvements while solving to cash balance. Both utilities may incur debt from bond issuance through the United States Department of Agriculture for capital repairs so reserves alone will not suffice the financial needs.

## **REQUEST**

Consideration by City Commission to adopt the proposed Water & Sewer Rate Schedule for the fiscal year beginning in July 1, 2020.

April 15, 2020

Vester Davis  
City of Stanton  
P.O. Box 449  
Stanton, MI 48888

**RE: Capital Improvement Projects**

Dear Mr. Davis:

It is our understanding that the City is interested in investigating funding options for the following projects:

- Project #202001 – East Main Street Water Service Connection
- Project #202101 – Vine Water Main and Force Main
- Project #202102 – Lincoln Street Storm + Sanitary + Water
- Project #202103 – Camburn Lift Station Improvements
- Project #202201 – W. Main Street Water Main
- Project #202204 – Pond 2 Berm Repair
- Project #202301 – State Sanitary
- Project #202302 – West Lift Station Improvements
- Project #202401 – North Court Water Main
- Project #202402 – South Court Water Main
- Project #202501 – Inlet Structure Improvements
- Project #202502 – Sanitary Sport Repairs
- Project #202601 – Lake, Hill and Grove Water Improvements
- Project #202602 – Pond 2 Bypass Pipe
- Project #202701 – Day Street Sanitary
- Project #202703 – E. Lake Water Improvements

These projects were identified during the asset management planning process completed in 2019 and are included in the City's Capital Improvement Plan. They include improvements to the City's wastewater collection system, water system and storm system.

Mr. Vester Davis  
April 15, 2020  
Page 2

As you know, several funding options are available including USDA's Rural Development Rural Utilities program. This is a very popular grant and low interest loan program for communities with less than 10,000 population.

We have previously met with Paul Bristol from the Rural Development office to review details regarding their funding program. The following is a list of some of the benefits of this program: 40-year amortization, potential for grant, low interest rates, no prevailing wage rate requirement and no prepayment penalty.

We have been working with City staff and Andy Campbell from Baker Tilly (financial advisor) to determine the financial impacts these projects would have on the City's general fund and utility rates. This analysis cannot be completed until a full application is submitted to Rural Development to determine the City's eligibility for grants and loans.

### **Professional Services**

Our proposed services include the following:

- Preliminary Engineering
  - Meetings with USDA Rural Development
  - Meetings with City staff and advisors
  - Preliminary Engineer's Estimates and funding source breakdown
- USDA Rural Development Application (Water, Wastewater)
  - Separate applications are needed for each system
  - Environmental Report

### **Schedule**

We anticipate completing the Rural Development Applications within 3 months of authorization. A response from Rural Development is typically received within a month. Their response will include whether the City qualifies for grant (and how much) and the interest rate for the financed portion of the project.

Mr. Vester Davis  
April 15, 2020  
Page 3

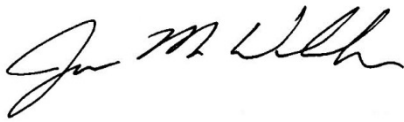
**Fee Estimate**

We propose to perform these professional services at our normal hourly rates plus expenses billed monthly with the total not-to-exceed \$20,000.

We appreciate the opportunity to submit this proposal and look forward to continuing our professional relationship with the City of Stanton. Please call if you have any questions.

Sincerely,

**Prein&Newhof**



Jason Washler, P.E.



Kevin Koster, P.E.

KEK/jw



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www.StantonOnline.com

## MEMORANDUM

**To:** Mayor Williams & Stanton City Commission  
**From:** Vester Davis, Jr., City Manager  
**Date:** April 17, 2020  
**Subject:** Bid Award for Professional Auditing Services

### BACKGROUND

The City is in need of professional auditing services in order to ensure that the city is practicing fiscal responsibility and compliant with Public Act 2 of 1968, as amended through Public Act 493 of 2000 (MCL 141.421, et al.). Periodically, the city should review its options for professional services and published a request for proposals (RFP) as deemed appropriate. As a result, the city published an advertisement on the city website and issued direct mailings to regional certified public accounting firms. All proposals were due on March 20, 2020.

### BID RESULTS

Six firms submitted responses to our RFP responded to the advertisement, but only three actually submitted proposals. Professional services, such as auditing, should be reviewed using a quality-based selection process and not just the lowest bid selection requirement. In selecting the auditing services, consideration should given to the size of the firm, the ability of staff to service our City, and its experience in the municipal sector of public accounting.

Firm Name	Location	Year 1	Year 2	Year 3
Berthiaume & Co.	Saginaw, MI	\$7,290	\$7,340	\$7,490
Gabridge & Co.	Grand Rapids, MI	\$7,725	\$7,725	\$7,725
Rosalund, Prestage & Co.	Alma, MI	\$12,250	\$12,510	\$12,770
Hungerford	Grand Rapids, MI	NO BID		
Yeo & Yeo	Saginaw, MI	NO BID		
Vredeveld Haefner	Grand Rapids, MI	NO BID		

### ALTERNATIVES FOR CONSIDERATION

1. Approve a bid award to Berthiaume & Company for professional auditing services.
2. Approve a bid award to an alternate bidder listed above.
3. Postpone action to discuss at a later date.

**RECOMMENDATION**

It is recommended that City Commission approve a bid award to Berthiaume & Company for professional auditing services based on their submitted bid proposal.

**ATTACHMENTS**

- Attachment - Bid proposals

CITY OF STANTON  
BERTHIAUME & CO., AUDIT BID PROPOSAL

CONTENTS

PAGE

1

**AUDIT BID PROPOSAL**

Introductory Letter

2

Proposed Fees

3

Scope & Specifications

7

Our Qualifications

**CITY OF STANTON**

Firm Background

**Montcalm County, Michigan**

Staff Resumes

Peer Review Report

10

Client References

**BERTHIAUME  
& COMPANY**

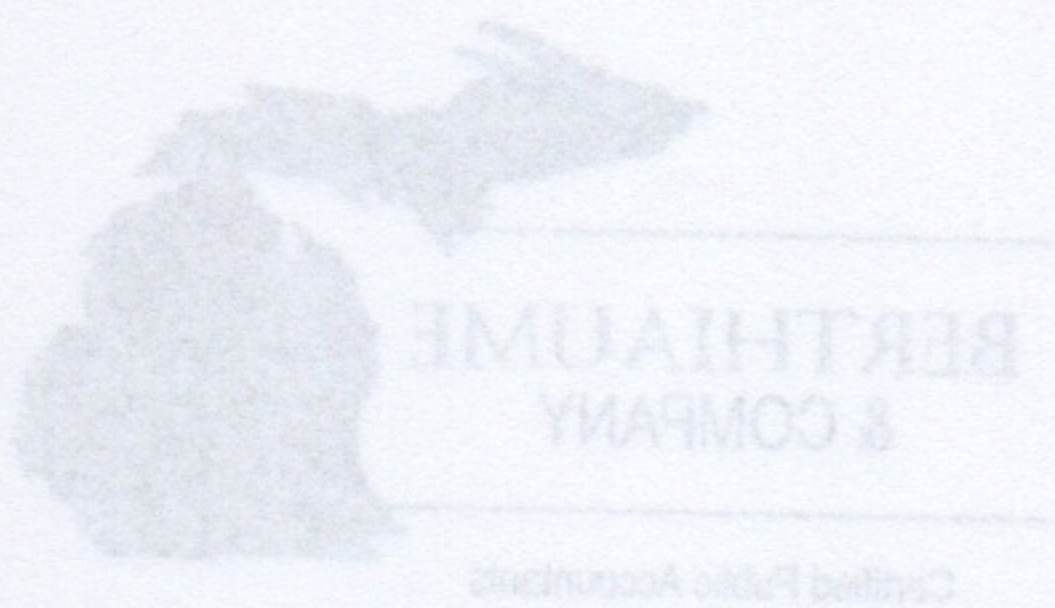
Certified Public Accountants



CITY OF STANTON  
BERTHIAUME & CO., AUDIT BID PROPOSAL

CONTENTS

	<u>PAGE</u>
Introductory Letter	1
Proposed Fees	2
Scope & Specifications	3
Our Qualifications:	7
Firm Background	
Staff Resumes	
Peer Review Report	
Client References	10



BERTHIAUME  
& COMPANY

Certified Public Accountants



60 Harrow Lane  
Saginaw, Michigan 48638

(989) 791-1555  
Fax (989) 791-1992

March 20, 2020

Vester Davis, Jr., Manager  
Lori Braman, Clerk  
City of Stanton  
P.O. Box 449  
225 S. Camburn Street  
Stanton, MI 48888

Dear Mr. Davis and Ms. Braman:

On behalf of Berthiaume & Company, I am very pleased to have this opportunity to submit our proposal for audit services. We affirm that we are completely independent and have no conflict of interest with the entity as defined by Auditing Standards. We are properly licensed to practice in the State of Michigan and meet the CPE and quality review standards. We affirm that our work and reports will be in accordance with your RFP specification.

Kenneth Berthiaume will be the responsible audit partner. With Berthiaume & Company, you will continue to have Darcie Shelagowski, CPA, as the in-charge auditor. Darcie, as you know, is very knowledgeable regarding the City's financial statement requirements. She has over 15 years of specialized experience in governmental auditing.

Please feel free to call me, or any of our attached client references, if you have any questions. We look forward to being of service to you.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth A. Berthiaume".

Kenneth A. Berthiaume, CPA  
President, Berthiaume & Company  
Certified Public Accountants

PROPOSED FEES

Our proposed fees for the June year-end financial statement audits of the City of Stanton are as follow:

1 YEAR PROPOSAL WITH 2 YEAR OPTION\*

<b>JUNE 30, 2020.....</b>	<b>\$7,290</b>
<b>*JUNE 30, 2021.....</b>	<b>\$7,340</b>
<b>*JUNE 30, 2022.....</b>	<b>\$7,490</b>

Preparation of the Act 51 Report is included in the above fees.  
The annual presentation of the audit report, on-site, to the City Council is included.  
A Federal Single Audit is not included.

\*In accordance with the "Request For Bid Proposal", we understand that the two (2) year extension option for years 2021 and 2022 are subject to annual review and recommendations of the City of Stanton.

*[Signature]*  
Kenneth A. Berthiaume, CPA  
President, Berthiaume & Company  
Certified Public Accountants



## SCOPE & SPECIFICATION OF SERVICES TO BE PROVIDED

1. The audit will be conducted in accordance with standards established by the GASB, AICPA, GAO and State of Michigan Treasury Department and in accordance with your specifications requested. It is understood that the financial statements of your governmental unit are the responsibility of management. Our responsibility is to express an opinion on the financial statements based upon our audit.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations.

Our risk assessment and audit procedures will include obtaining an understanding of the internal control system and reviewing implementation and effectiveness of significant control procedures as defined in the AICPA *Statements on Auditing Standards*, as well as tests of selected balances and transactions. We plan and perform these audit procedures to the extent we deem necessary to determine that the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

*Statements on Auditing Standards No. 99 (SAS 99), Consideration of Fraud in a Financial Statement Audit* sets forth the responsibilities of the auditor to plan and perform the audit to obtain reasonable assurance that the financial statements are not materially misstated due to errors or fraud. It also significantly expands the procedures we are to perform and how we are to document these procedures and the results obtained. We will address the risk assessment related to fraud by making inquiries of management and others within the governmental unit, evaluating the units fraud programs and controls; completing checklists; and gathering other information (financial and other) to help us develop fraud risk factors which will be referenced during our fieldwork and wrap-up procedures.

As discussed above, all of the procedures performed are designed to determine whether the financial statements are free of material misstatements, including material misstatements due to fraud. Materiality is a concept that applies to the engagement, and the governmental unit overall, and is applied on an annual basis. Errors and irregularities, including fraud, are considered to be material only if their magnitude, individually or in aggregate with others, are such that a reasonable person relying on the presentation of your financial statements would be influenced by their inclusion or omission. Therefore, it is not the auditor's responsibility to detect any immaterial financial statement misstatements.



We will communicate to the City Council, as required, if there is evidence of fraud or significant deficiencies in internal control.

Our planned audit scope will be based on our overall evaluation of the governmental unit's operations and controls, as well as our prior year audit results, if any, and our experiences as auditors of other similar entities. We recognize that all entities are unique and that each year there are new challenges, new accounting and auditing issues, and new reporting requirements that must be considered. Accordingly, our audit plan will be designed to address any such issues at the governmental unit.

2. Your financial statements will be prepared in our standardized format which is based on the State Uniform Chart of Accounts.
3. If you have received federal financial assistance, you will:
  - ❖ Identify all federal revenues received in the form of grants, contracts, loans, etc. and provide information to identify the source (CFDA No.) of these revenues.
  - ❖ Identify all federal program expenditures and revenues.
  - ❖ Provide documentation to indicate compliance with the various requirements (Davis Bacon Act, Civil Rights, etc.), if requested.
4. As required by the State of Michigan, we will send a copy of the audited financial statements to the State Treasury Department along with their "Audit Procedures Report—Form 496". With this transmittal to the State, based on our audit, we are required to report to them:
  - ❖ If you have any funds with deficit fund balances and if you have any instances of non-compliance with the Uniform Accounting & Budgeting Act.
  - ❖ If you have violated any requirements of the Municipal Finance Act.
  - ❖ If you hold deposits/investments that do not comply with statutory requirements.
  - ❖ If you have been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ❖ If you have any unlawful expenditures that came to our attention.
  - ❖ If you have prepared bank reconciliations timely.



5. We will issue an Audit Communications Letter concerning difficulties encountered, if any, and other matters. We may issue a letter concerning internal control if we find significant deficiencies and material weaknesses. The scope of an audit engagement does not include preparing a detailed report directed at correcting internal control and bookkeeping problems or bookkeeper training. We will, however, offer verbal suggestions for bookkeeping improvements, whenever possible.
6. It is to be understood that it is your responsibility to:
  - ❖ Notify us when you are ready for the audit.
  - ❖ Balance the accounts, reconcile the cash accounts.
  - ❖ Complete the bookkeeping correctly and accurately.
  - ❖ Be available when we need your assistance.
  - ❖ Promptly provide information when it is requested.
  - ❖ File an audit extension request if necessary.
  - ❖ Balance Due to/froms and Transfers between funds.
7. We will not be responsible for:
  - ❖ Fixing an out of balance general ledger.
  - ❖ Fixing unresolved differences on the beginning fund balances.
  - ❖ Fixing incomplete bookkeeping records and working as a detective to determine correct / valid transactions.
  - ❖ Preparing a detail analysis /report on internal controls and bookkeeping procedures or for training your accounting personnel.
8. It is our understanding that we may occasionally need to recommend some GASB 34 or other adjusting entries in connection with our preparation of the audited financial statements.
9. Prior to our arrival to complete the audit fieldwork we will require you to provide the following information to us:
  - ❖ Bank confirmation forms
  - ❖ Completed Audit Planning and Control Questionnaires
  - ❖ Minutes of the Council / Board meetings
  - ❖ Year end trial balances for each fund prepared in accordance with the State Uniform Chart of Accounts



- ❖ Final and original budget amounts for the year by fund and account
- ❖ Depreciation Schedules
- ❖ Debt Repayment Schedules/Terms
- ❖ Year end bank or investment account statements and reconciliations to book balances
- ❖ Information on any new loans or bond issues
- ❖ Information on major federally funded programs, if any, such as grant agreements, project revenues and expenditures, progress reports and monitoring reports

We will provide a listing of other information that should be available at the time of the fieldwork.

10. For our audit fieldwork, we expect to be provided with an adequate space and access to a copy machine.
11. If it becomes necessary to propose an additional fee, we will ask you for written approval. In our request, we will detail difficult conditions or problems encountered. Our hourly rates are as follows:

K. Berthiaume, CPA, Partner	\$ 160.00
D. Shelagowski, CPA, Partner	150.00
N. Kleinke, CPA	120.00
J. Hecht, B.B.A., Staff Accountant	100.00
A. Berthiaume, B.S., Staff Accountant	100.00
T. Mahaffy, B.B.A., Staff Accountant	80.00
S. Ricketts, B.B.A., Staff Accountant	80.00
C. Berthiaume, B.S., M.S.A., Firm Administrator	75.00

12. We will retain the audit work papers for 5 years.
13. We will provide you with 7 copies of the audited financial statement and 1 PDF.



## FIRM BACKGROUND

## STAFF RESUMES

This firm is a progressive local C.P.A. firm, located at 60 Harrow Lane, Saginaw, Michigan. We are dedicated to performing quality audit, management and tax services. We utilize the Creative Solutions "Engagement Solution and Accounting" software, which is integrated with the PPC audit program. This system assures the most efficient, cost effective and productive service possible.

The firm was established in 1982 by Kenneth Berthiaume. Audit and accounting services are provided to clients throughout the entire State of Michigan. (Please reference our Audit Client List.)

We have had extensive audit experience including many different sizes and types of governmental units. We have conducted audits of townships, cities, villages, school districts, fire departments and various authorities, and components of counties. Our practice consists of audit work, client accounting, tax and management services. Of the audit clients, most are governmental units.

This firm conforms to the Government Auditing Standards issued by the United States General Accounting Office. These standards require that auditors complete eighty (80) hours of continuing education every two (2) years that contributes to professional audit proficiency. Also, to comply with these standards, we participate in the AICPA Quality Review Program. We have received favorable Peer Review Reports for each review year. Our most recent Peer Review Report is included herein.

We encourage our staff accountants to continue their education and assist in their efforts to become certified. We maintain a complete professional library for technical assistance.

We are members of the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants. Both of these organizations offer technical assistance and guidance.

Berthiaume & Company is properly licensed for practice as Certified Public Accountants in the State of Michigan.

Berthiaume & Company meets the Independence, Continuing Education and Peer Review requirements of the American Institute of Certified Public Accountants and the *Government Auditing Standards*.



## STAFF RESUMES

**Kenneth A. Berthiaume, CPA, Partner**, is a graduate of Central Michigan University School of Business Administration with a major in accounting. He graduated with honors, Magna Cum Laude, in 1972. His experience includes two years with the national accounting firm of Seidman and Seidman and six years with a large regional CPA firm as an audit manager. In the latter position, his primary responsibilities included auditing of governmental units. Kenneth A. Berthiaume established this firm in 1982.

Mr. Berthiaume is the in-charge accountant on all audit engagements of this firm and is responsible for quality control review and staff training.

**Darcie K. Shelagowski, CPA, Partner**, is a 1999 honors graduate of Saginaw Valley State University. She has several years of public accounting experience with a large regional CPA firm, specializing in governmental auditing services. Ms. Shelagowski has been with this firm since 2004.

**Ned E. Kleinke, CPA**, is a 1981 graduate of Saginaw Valley State University with a Bachelor of Business Administration Degree, major in accounting. He has over 27 years of experience in public accounting, with emphasis on auditing of governmental entities and not-for-profit organizations. Mr. Kleinke also has served as a reviewer of other CPA firms as part of the AICPA Peer Review Program. He has been with this firm since 2008.

**Justin J. Hecht** is a 2014 graduate of Northwood University with a Bachelor of Business Administration Degree, major in accounting, graduating with Cum Laude Honors. Mr. Hecht has experience in the private sector as well as in public accounting with a large regional CPA firm, specializing in audit and tax engagements. He joined the firm in 2017.

**Adam K. Berthiaume** is a 2000 honors graduate of Michigan State University. He has over ten (10) years of diverse business experience in the area of computer accounting systems, human resources, internal control and risk management. Mr. Berthiaume specializes in audit and related accounting and computer services. He has been with the firm since 2008.

**Thomas L. Mahaffy** is a 1989 graduate of Saginaw Valley State University with a Bachelor of Business Administration Degree, major in accounting. Mr. Mahaffy has over 25 years of experience in the private sector, specializing in financial and business accounting, tax services, and technology consulting. He joined this firm in 2017.

**Seth T. Ricketts** is a 2019 honors graduate of the University of Michigan-Flint with a Bachelor of Business Administration Degree, major in accounting. Mr. Ricketts is assigned to the firm's Audit Department.

**Cathy E. Berthiaume** is a 1985 graduate of Central Michigan University with a Master of Science in Administration (MSA) degree. Mrs. Berthiaume's responsibilities include client quality assurance, auditing, human resource consulting and related management services. Mrs. Berthiaume has been with this firm since 1982.





# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## System Review Report

December 2, 2016

To the Shareholders of Berthiaume & Company, CPA's  
and the Peer Review Committee of the  
Michigan Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Berthiaume & Company, CPA's (the firm) in effect for the year ended June 30, 2016. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of Berthiaume & Company, CPA's in effect for the year ended June 30, 2016, 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. Berthiaume & Company, CPA's has received a peer review rating of pass.

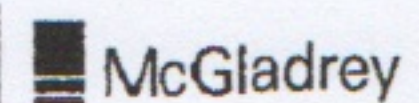
*Weinlander Fitzhugh*

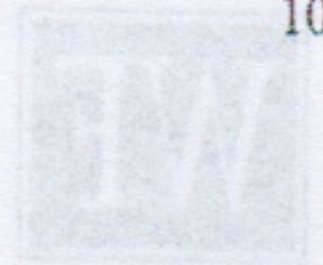
1600 Center Avenue | PO Box 775 | Bay City, MI 48707-0775

1.800.624.2400 | 989.893.5577 | Fax: 989.895.5842 | [www.wf-cpas.com](http://www.wf-cpas.com)

Bay City | Clare | Gladwin | West Branch

An Independently Owned Member  
McGLADREY ALLIANCE





REFERENCE LISTING

CITIES

<u>CLIENT</u>	<u>CONTACT</u>	<u>TELEPHONE</u>
City of Croswell	Clerk: Suzanne Dobson	(810) 679-2299
City of Fennville	City Admin: Amanda Morgan	(269) 561-2444
City of Ludington	Clerk: Deborah Luskin, CPA	(231) 845-6237
City of Montrose	Manager: Neil Rankin	(810) 639-6168
City of Saugatuck	Treasurer: Peter Stanislawski	(269) 857-2603
City of St. Louis	Clerk/Treas: Bobbie Marr, CPA	(989) 681-6024
City of Stanton	Manager: Vester Davis, Jr.	(989) 831-4440
City of Vassar	Treasurer: Merri Lemcke	(989) 823-8517
City of Whittemore	Clerk: Carol Long	(989) 756-3011
City of Yale	Manager: John G. Osborn	(810) 387-3311

VILLAGES

Village of Bellaire	Treasurer: Cathy Odom	(231) 533-8213
Village of Birch Run	Manager: Paul Moore	(989) 624-5711
Village of Byron	Clerk: Marsha Reed	(810) 266-5090
Village of Capac	Treasurer: Marilyn Price	(810) 395-4355
Village of Custer	Clerk: Lolly Griswold	(231) 757-3962
Village of Dryden	Clerk/Treas: Holly Shroyer	(810) 796-2291
Village of Edmore	Fin. Dir.: Tracy Sanchez	(989) 427-5641
Village of Fountain	Clerk: Kathy Soper	(231) 277-8051
Village of Free Soil	Treasurer: Mary Brown	(231) 510-9023
Village of Goodrich	Admin/Clerk: Sheri Wilkerson	(810) 636-2570
Village of Kinde	Clerk: Jerry Toner	(989) 874-4226
Village of Lakeview	Fin. Dir.: Missy King	(989) 352-6322
Village of Lennon	Clerk: Gerry Terry, CPA	(810) 621-4285
Village of Millington	Clerk: Kaylene Long	(989) 871-2702
Village of North Branch	Clerk: Betty Kennedy	(810) 688-2620
Village of Owendale	Clerk: Randy Howard	((989) 678-4279
Village of Paw Paw	Manager: Sarah Moyer-Cale	(269) 657-3148
Village of Prescott	President: Peggy Mashke	(989) 873-5738
Village of Reese	Manager: Tom Raymond	(989) 868-4503
Village of St. Charles	Manager:	(989) 865-8287
Village of Sanford	Treasurer: Linda Geiger, CPA	(989) 687-5077
Village of Sheridan	Clerk: Kathy Sanders	(989) 291-3485
Village of Stockbridge	Clerk: Debbie Nogel	(517) 851-7435
Village of Twining	Treasurer: Carrie Stodolak	(989) 867-4265
Village of Ubly	Treasurer: Barb Butch	(989) 658-2141
Village of Vernon	Clerk: Krista E. Goodman	(989) 288-2300



REFERENCE LISTING CONT'D

TOWNSHIPS

<u>CLIENT / COUNTY</u>	<u>CONTACT</u>	<u>TELEPHONE</u>
Beaver Township (Bay)	Clerk: Mary McCarry	(989) 662-4996
Burns Township (Shiawassee)	Clerk: Shirley Riley	(810) 266-6220
Caseville Township (Huron)	Clerk: Michelle Stirrett	(989) 856-3053
Chapin Township (Saginaw)	Treasurer: Cyndi Brzak	(517) 285-0224
Denton Township (Roscommon)	Clerk: Carol Asher	(989) 366-5913
Eureka Chtr. Township (Montcalm)	Treasurer: Cindy Hanson	(616) 754-5053
Evergreen Township (Montcalm)	Clerk: Kelli Greenhoe	(989) 291-5189
Frankenlust Township (Bay)	Treasurer: Mary Revord	(989) 686-5300
Fraser Township (Bay)	Clerk: Patricia Powers	(989) 697-3820
Fremont Township (Saginaw)	Clerk: Ernest Delemeester, Jr.	(269) 547-0224
Garfield Township	Treasurer: Karen Snyder	(989) 280-0418
Hope Township (Midland)	Clerk: JoAnn Wilke	(989) 689-3056
James Township (Saginaw)	Clerk: James Gray	(989) 781-1353
Kawkawlin Township (Bay)	Clerk: Greg Petrimoulx	(989) 686-8710
Lake Township (Huron)	Supervisor: Valerie McCallum	(989) 856-4867
Logan Township (Ogemaw)	Supervisor: Kathy David	(989) 343-0756
Marion Township (Saginaw)	Treasurer: Kimberly Drews	(989) 436-3752
Merritt Township (Bay)	Clerk: Kathy Parrent	(989) 659-2136
Mt. Forest Township	Clerk: Crystal Dodge	(989) 879-7575
North Branch Township (Lapeer)	Clerk: Amy Bridger-Snoblen	(810) 688-2785
Pinconning Township (Bay)	Supervisor: Sharon Stalsberg	(989) 879-4018
Richland Township (Saginaw)	Manager: Annamarie Reno	(989) 642-2097
Sherman Township (Mason)	Clerk: Kurt Lubben	(231) 462-3205
Swan Creek Township (Saginaw)	Accountant: Tina Larkin	(989) 865-6251
Tittabawassee Township (Saginaw)	Treasurer: Mary Edgington	(989) 695-9512



REFERENCE LISTING CONT'D

ROAD COMMISSIONS

<u>CLIENT</u>	<u>CONTACT</u>	<u>TELEPHONE</u>
Manistee County Road Comm.	Clerk: Jessica Putney	(231) 889-0000
Presque Isle Co. Road Comm.	Clerk: Gerald Smigelski	(989) 734-2216
Wexford County Road Comm.	Clerk: Andrea Herman	(616) 775-9731

OTHER GOVERNMENTAL UNITS / ORGANIZATIONS

Aitkin Mem. District Library	Director: Marty Rheaume	(810) 679-3627
Ashley District Library	Bookkeeper: Renae Larsen	(989) 224-2983
Bangor Monitor Metro Water Dist.	Bookkeeper: Jodi Katzer	(989) 684-2570
Bay County Public Guardian	Administrator: Kim Mead	(989) 895-4206
Birch Run Area Conv. & Visit.	V-President: Jerry Preston	(989) 626-9193
Blumfield Reese Water Auth.	Bus. Mgr.: Sharon Bierlein	(989) 868-4503
Bullard-Sanford Mem. Library	Director: Christian Dunham	(989) 823-2171
Carolina Cove Condominiums	Mgr: Julie Cronkright	(989) 792-2696
Chelsea Education Foundation	Treasurer: Sharee Burkel	(734) 562-2468
Chelsea Senior Center	Director: Trinh Pifer	(734) 475-9242
Chesaning-Brady Fire Admin Bd.	Chief: Scott Fall	(989) 845-2552
Community Dev. Advoc of Detroit	Exec. Director: Madhavi Reddy	(313) 832-4620
Dome Corporation	President: Ross Lake	(989) 777-2050
Faith In Action, Inc. (Chelsea)	Director: Sheri Montoye	(734) 475-3305
Fennville Area Fire Board	City Admin: Amanda Morgan	(269) 561-2444
Gladwin County District Library	Director: John Clextion	(989) 426-8221
Global Detroit	Director: Steve Tobocman	(248) 761-4932
Gratiot West Condominiums	Manager: Shinnors & Chasnis	(989) 399-9955
Greenwood Cem.Assoc of Vernon	Sec/Treas: Bonnie Reed	(989) 288-4365
Habitat For Humanity/Cass County	Treasurer: Sue Watson	(269) 782-2195
Kinde Area Fire Board	Treasurer: Donald Brade	(989) 551-7755
MacArthur Square Condo Assoc.	Manager: Julie Cronkright	(989) 792-2696
Michigan Assoc. Muni Clerks	Treasurer: Lanie McManus	(231) 941-1620
Michigan Legal Services	CPA: Heidi Coffman	(248) 514-6693
Mid Michigan Community Fire Bd.	Treasurer: Bobbi Marr, CPA	(989) 681-6024
Mid Michigan Waste Authority	Admin. Dir. Katharine Tessin	(989) 781-9555
Millington Community Center	Treasurer: Sandy Fackler	(989) 871-7377
Nita Curtis Foundation of Edmore	Clerk: Joe Shouse	(989) 427-5641
Oak Grove Cemetery Association	Sec. / Treas: Nancy Myers	(734) 475-3322
Paw Paw Fire Department	Chief: Samuel Carlsen	(269) 720-3052
Pinconning/Fraser Fire Department	Chief: Dave Ramsay	(989) 697-3820
Ponds of Mallard Cove Condos	Mgr: Julie Cronkright	(989) 792-2696
Richland-Logan Fire Authority	Treasurer: Nancy Hennard	(989) 329-3531
Riverforest Condo Association	Manager: Shinnors & Chasnis	(989) 399-9955



REFERENCE LISTING CONT'D

Saginaw Area GIS Authority	Manager: Dan Hoffman	(989) 759-2180
Saginaw Area Storm Water Auth.	Treasurer: Travis Hare	(989) 781-6438
Saginaw County Agricultural Soc.	Prresident: Patti Copes	(989) 213-4220
Southern Links Trailway Mgmt.	Chairman: Dale Fuller	(810) 691-8880
Spring Lake Condo Assoc.	Manager: Julie Cronkright	(989) 792-2696
St. Charles District Library	Director: Nannette Pretzer	(989) 865-9451
Swan Valley Condo Assoc.	Manager: Julie Cronkright	(989) 792-2696
Swan Creek Twshp., James Twshp., St. Charles Water Authority	Sec/Treas: Tina Larkin	(989) 865-6251
Swartz Creek Area Fire Dept.	Accountant: Kim Borse	(810) 635-2300
Township Code Enforcement Dept.	Bookkeeper: JoAnna Morin	(989) 879-4018
Vernon District Public Library	Director: Cheryl Cole Davenport	(989) 288-6486
Western Washtenaw Recycling Authority	Chair: Michael Compton	(734) 645-4773
Woodbridge Neighborhood Dev.	CPA: Heidi Coffman	(248) 514-6693



A PROPOSAL FOR FINANCIAL AUDIT SERVICES

*For the Years Ending June 30, 2020 - 2022*

**CITY OF STANTON**

Submitted by

**GABRIDGE & CO.**  
WEALTH ADVISORS / CERTIFIED PUBLIC ACCOUNTANTS / CONSULTANTS

Joe Verlin, CPA, CGFM  
3940 Peninsular Drive SE - Suite 200  
Grand Rapids, MI 49546  
Ph | 616.328.6275  
JVerlin@Gabridgeco.com

March 13, 2020

# Table of Contents

## Letter of Transmittal

---

Audit Scope.....	3
Authorized Contact.....	4
Proposed Audit Fees.....	5

## Firm Profile

---

Firm Qualifications & Experience.....	6
Team Qualifications & Experience.....	7
Other Services.....	11

## Mandatory Criteria

---

License to Practice in Michigan.....	11
Independence & Conflict of Interest.....	11

## Summary Qualifications

---

Similar Engagements.....	12
Continuing Education and External Quality Control Review.....	14

## Audit Approach

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Specific Audit Approach.....	14
Identification of Potential Audit Problems.....	17

## Additional Data

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Non-Discrimination Clause.....	17
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## Audit Scope

Gabridge & Company, PLC will audit and provide an opinion on the City of Stanton's (the "City") basic financial statements, including the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

The audit report will be performed in accordance with Generally Accepted Auditing Standards, as promulgated by the American Institute of Certified Public Accountants (AICPA); the AICPA Audits of State and Local Government Units audit and accounting guide; the OMB Uniform Guidance; the Single Audit Act Amendments of 1996; and the Government Auditing Standards, published by the U.S. General Accounting Office.

Gabridge & Company, PLC guarantees access to the working papers for a minimum of seven years. All data, files & reports will be safeguarded by Gabridge & Company, PLC. The following reports will be submitted to the City:

- Independent Certified Public Accountant report on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles in the United States and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- Independent Certified Public Accountant report on internal control over financial reporting in accordance with Government Auditing Standards and test its compliance of laws, regulations, contracts and grants.
- Independent Certified Public Accountant report on the Schedule of Expenditures of Federal Awards (if applicable) and a report on Compliance and Internal Control over Financial Reporting in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and as required by OMB Uniform Guidance, Audits of State and Local Governments (if applicable - Single Audit).
- Management letter, covering internal control and recommendations.

All final copies of the City financial statement audit and related reports will be provided to the City in accordance with your schedule. Included with the audit will be the Management Representation Letter, a report on all audit adjustments (and backup documents), fixed asset depreciation lapse schedules, and year end proposed adjusting journal entries (if applicable). Gabridge & Company will upload the audit report to the Michigan Department of Treasury and Federal Audit Clearinghouse (if applicable). Gabridge & Company will also prepare a draft of the F-65 statement and Act 51 report upon City request, at no additional charge. Lastly, a .pdf of the audit will be forwarded to the City.

## Authorized Contact

**Joe Verlin, CPA, CGFM**

Principal in Charge - Audit Services  
3940 Peninsular Drive SE - Suite 200  
Grand Rapids, MI 49546  
Ph | 616.328.6275

We warrant that Joe Verlin is authorized to bind Gabridge & Company, PLC to the terms set forth in this proposal.

# Proposed Audit Fees

## CITY OF STANTON Proposed Audit Fees

For the Period Ending June 30, 2020

PRELIMINARY		Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	Fee
	Partner in charge	2	-	-	2	\$ 150	\$ 300
	Senior Staff	8	-	-	8	90	720
<b>Total</b>		<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>		<u>\$ 1,020</u>
FINAL		Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	* Fee
	Partner in charge	-	-	8	8	\$ 150	\$ 1,200
	Audit Manager	-	24	8	32	120	3,840
	Senior Staff	-	24	16	40	90	3,600
<b>Total</b>		<u>-</u>	<u>48</u>	<u>32</u>	<u>80</u>		<u>\$ 8,640</u>
<b>DISCOUNT (20%)</b>							<u>\$ (1,935)</u>
<b>TOTALS</b>		<u>10</u>	<u>48</u>	<u>32</u>	<u>90</u>		<u>\$ 7,725</u>

Year Ending June 30, 2020	\$ 7,725	- Not to exceed
Year Ending June 30, 2021	\$ 7,725	- Not to exceed (Optional)
Year Ending June 30, 2022	\$ 7,725	- Not to exceed (Optional)

\* Notes regarding the proposed fees are as follows:

- Fee would increase by \$3,000 for any year requiring a federal single audit report.
- Fee includes a 20% discount as the City has a June 30 fiscal year end which coincides with our relatively slower audit season. We have offered this substantial discount to show our commitment to the City!

## Firm Qualifications and Experience

Gabridge & Company currently has over 200 governmental and non-profit audit clients throughout the State of Michigan. We also have 30 employees, including fifteen full-time governmental audit professionals. Gabridge & Company actively recruits prospective governmental audit staff members by seeking only individuals who are committed to serving our clients with integrity; while also being committed to becoming industry experts and providing proactive customer service. Gabridge & Company has offices located in Traverse City, Sturgis, Three Rivers, and Grand Rapids. Gabridge & Company will assign only accountants with extensive governmental experience to the audit of the City, including a principal in charge and an independent review principal. Joe Verlin (Principal in Charge of Audit Services) will be assigned full-time to the audit and will remain the primary contact for the City for the duration of the engagement term(s). Gabridge & Company is a member of the Michigan Association of Certified Public Accountants, the American Institute of Certified Public Accountants, the Governmental Audit Quality Center, the Michigan Municipal League and the Michigan Local Government Association.

Gabridge & Company is dedicated to serving municipal clients. We offer newsletters, webinars, and conferences at no charge to provide our clients with timely updates and best practices for the rapidly changing governmental financial regulations. We advise our clients before, during, and after the audit – and strive to be much more than what you would expect from your auditor.

Our firm has not been involved with any state or federal desk reviews or field reviews of its audits. Additionally, our firm has not been involved with any disciplinary action taken by state regulatory bodies or professional organizations. Our firm will also follow the American Institute of Certified Public Accountants "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits." Our firm will not subcontract any of the auditing services included in this proposal.

Our proposal will remain valid for 120 days past the deadline for submittal.

We warrant that all information provided in connection with this proposal is true and accurate to the best of our knowledge.

# Team Qualifications and Experience

## PRINCIPALS

---

**Joseph Verlin, CPA, CGFM**  
Principal in Charge - Audit Services

### Education

BA, Accounting  
Ferris State University

### Memberships

American Institute of Certified Public Accountants (AICPA)  
Michigan Association of Certified Public Accountants (MICPA)  
Michigan Municipal League  
Michigan Local Government Management Association  
AICPA Governmental Audit Quality Center  
Association of Government Accountants (AGA)  
Government Finance Officers Association (GFOA)

### Committees

Co-Chair of the MICPA Governmental Accounting and Auditing Task Force

### Recent Speaking Engagements

MICPA sponsored governmental auditing conferences  
Internal Controls for Local Units of Government  
Improving Audit Timelines  
Implementing GASB 54, 63 & 65  
Single Audit Update  
Preventing Fraud, Waste and Abuse  
AGA sponsored governmental accounting event  
Implementing GASB 63 and 65

Joe will serve as the engagement principal with responsibility for planning and technical execution of all of Gabridge & Company's services. Joe will ensure appropriate levels of staffing for your engagement, monitor your satisfaction, and manage regular communication with your executive leadership and Audit Committee. Joe currently serves as the engagement executive or independent review partner on over 75 of our firm's audit clients.

Joe is certified to practice public accounting in Michigan. Joe is also a **Certified Government Financial Manager** (CGFM), has earned the **Advanced Single Audit certification** from the AICPA, and is a member of the Government Finance Officers Association's (GFOA) Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program.

**Neil Hammerbacher, CPA**  
Audit Manager – Independent Reviewer

Neil provides valued support in the role of audit manager. He is in the field routinely performing audit services. Neil serves in a similar role on a significant number of other governmental audits.

Education

BA, Business Administration  
Saginaw Valley State University

Memberships

Michigan Association of Certified Public Accountants (MICPA)  
AICPA Governmental Audit Quality Center  
Government Finance Officers Association

Professional History

- Over eighteen years of governmental accounting and auditing experience in public accounting
  - Also held a treasurer and finance director positions at a Township and City for over fifteen years
  - Has several years full-time experience using BS&A for assessing, general ledger, fixed assets, cash receipts, payroll, accounts payable, and long-term debt reporting
-

## AUDIT TEAM MEMBERS

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### **Robert J. Klein**

Robert provides valued support in the role of senior auditor. He is in the field routinely performing audit services. Robert serves in a similar role on a significant number of other governmental audits.

#### Education

BA, Accounting  
Eastern Michigan University

#### Memberships

Michigan Association of Certified Public Accountants (MICPA)  
AICPA Governmental Audit Quality Center

#### Professional History

- Over 16 years of public accounting experience with David E Wilson, CPA, which merged with Gabridge & Company, PLC in July 2010
- Serves local units of government, non-profit organizations, and privately held businesses

### **Lauren Wenneman, CPA**

Lauren provides valued support in the role of staff auditor. He is in the field routinely performing audit services. Lauren serves in a similar role on a significant number of other governmental audits.

#### Education

Bachelor of Science in Public Accountancy  
Michigan State University

#### Memberships

Michigan Association of Certified Public Accountants (MICPA)  
AICPA Governmental Audit Quality Center

#### Professional History

- Three years of public accounting experience with Gabridge & Company, PLC
- Serves local units of government and non-profit organizations
- Specializes entirely in governmental and non-profit audit

## **Andrew Wilcoxon, CPA**

Andrew provides valued support in the role of staff auditor. He is in the field routinely performing audit services. Andrew serves in a similar role on a significant number of other governmental audits.

### Education

Bachelor of Science in Public Accountancy  
Grand Valley State University

### Memberships

Michigan Association of Certified Public Accountants (MICPA)  
AICPA Governmental Audit Quality Center

### Professional History

- Over three years of public accounting experience
- Serves local units of government and non-profit organizations
- Specializes entirely in governmental and non-profit audit

## **Matt Holland**

Matt provides valued support in the role of staff auditor. He is in the field routinely performing audit services. Matt serves in a similar role on a significant number of other governmental audits.

### Education

Bachelor of Science in Public Accountancy  
Calvin College, Grand Rapids, MI

### Memberships

Michigan Association of Certified Public Accountants (MICPA)  
AICPA Governmental Audit Quality Center

### Professional History

- Three years of public accounting experience with Gabridge & Company, PLC
- Serves local units of government and non-profit organizations
- Specializes entirely in governmental and non-profit audit

## Other Services

Gabridge & Company, PLC is able to provide consulting services to its clients throughout the year **at no additional charge**. We feel that it is important to interact with our clients throughout the year, especially with the rapidly changing governmental accounting pronouncements. We find that these proactive discussions will ultimately reduce the upcoming audit workload for both our firm, and more importantly, the staff of the City. Joe Verlin will be your primary contact throughout the year to ensure continuity.

Our consulting services include (but are not limited to); assistance with BS&A, budgeting, general accounting questions, human resource consulting, financial reporting, internal control, grant compliance, implementation and assistance to the City with any new accounting principles required by GASB, or as required by State or Federal Law, etc. Our customer service policy allows us to handle our audit clients informal questions and consultations throughout the year without additional billings, unless the scope of the consultation becomes a project in nature. In these cases, our consulting projects will be documented in an engagement letter that will set forth the timing, scope and related fees.

## Licensed to Practice in Michigan

Gabridge & Company is a CPA firm actively registered to practice public accounting in the State of Michigan. Also, all assigned CPA's from Gabridge & Company are properly registered and licensed to practice in public accounting in Michigan.

## Independence and Conflict of Interest

Gabridge & Company, PLC is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards (2018 revision). Gabridge & Company is also independent of all component units of the City, as defined by the aforementioned standards. Gabridge & Company has had no professional relationships involving the City or any of its agencies, component units or primary governments during the past five years that would impair independence. Lastly, Gabridge & Company will give the City written notice of any professional relationship entered into with the City, or any of its agencies, component units or primary governments during the period of this agreement.

We warrant that no work included within this proposal will be subcontracted by Gabridge & Company, PLC.

## Similar Engagements

Following is a list of similar engagements with other governmental entities in the State of Michigan:

### **Montcalm County**

Scope of Work – Governmental Financial Audit and Federal Single Audit  
Principal in Charge – Joe Verlin  
Contact – Brenda Taeter, Chief Financial Officer  
Phone – (989) 831.7398

### **City of Greenville (Includes a Dial-a-Ride audit)**

Scope of Work – June 30, 2018 Governmental Financial Audit and Single Audit  
Principal in Charge – Joe Verlin  
Contact – Norice Rasmussen, City Treasurer  
Phone – (616) 754.5645

### **City of New Baltimore**

Scope of Work – Governmental Financial Audit  
Auditor in Charge – Neil Hammerbacher, CPA  
Contact – Marcia Shinska, City Clerk  
Phone – 586.725.2151

### **City of Owosso**

Scope of Work – Governmental Financial Audit  
Principal in Charge – Joe Verlin  
Contact – Cheryl Grice, Finance Director  
Phone – (989) 725-0575

### **City of Marshall (Includes a Dial-a-Ride audit)**

Scope of Work – June 30, 2018 Governmental Financial Audit, single audit, and GFOA Submission  
Principal in Charge – Joe Verlin  
Contact – Jon Bartlett, Finance Director  
Phone – (269) 781.5183

### **City of Boyne City**

Scope of Work – April 30, 2018 Governmental Financial Audit and GFOA Submission  
Principal in Charge – Joe Verlin  
Contact – Cindy Grice, City Treasurer / Clerk  
Phone – (231) 582.0334

Further references are available upon request.

Following is a list of all Michigan governmental and nonprofit clients for which our firm has performed an audit for during the past five years:

**Villages**

Village of Bear Lake  
 Village of Benzonia  
 Village of Beulah  
 Village of Decatur  
 Village of Detour  
 Village of Eastlake  
 Village of Elk Rapids  
 Village of Empire  
 Village of Honor  
 Village of Kalkaska  
 Village of Lyons  
 Village of Maple Rapids  
 Village of Morrice  
 Village of Muir  
 Village of Ontonagon  
 Village of Pentwater  
 Village of Pewamo  
 Village of Sheridan  
 Village of Thompsonville

**Townships**

Township of Acme  
 Township of Allegan  
 Township of Almira  
 Township of Arcadia  
 Township of Bear Lake  
 Township of Blue Lake  
 Township of Centerville  
 Township of Cheshire  
 Township of Covert  
 Township of Detour  
 Township of Drummond Island  
 Township of Everett  
 Township of Fredonia  
 Township of Garfield  
 Township of Gilmore  
 Township of Grattan  
 Township of Hagar  
 Township of Hartford  
 Township of Holton  
 Township of Howell  
 Township of LaGrange  
 Township of Mancelona  
 Township of Manistee  
 Township of Otisco  
 Township of Pentwater  
 Township of Pleasanton  
 Township of Salem  
 Township of Solon  
 Township of Stronach  
 Township of Trout Lake  
 Township of Tuscarora  
 Township of Tyrone  
 Township of Vevay  
 Township of Wayland  
 Township of Whitefish  
 Township of Wilson

**Nonprofits**

Another Way Pregnancy Center  
 Alano Club of Kent County  
 Association of Legal Writing Directors  
 Bay Area Recycling for Charities  
 Big Brothers Big Sisters  
 Choices of Manistee County  
 Communities in Schools of MI  
 Community Action of Allegan County  
 Jubilee Jobs  
 Marshall Area Economic Dev. Alliance  
 Mi. Center for Clinical Systems Imp.  
 Senior Services of Van Buren County  
 Staircase Youth Services  
 The Ridge Project

**Cities**

City of Auburn  
 City of Boyne City  
 City of Cadillac  
 City of Cheboygan  
 City of Fennville  
 City of Flushing  
 City of Fraser  
 City of Laingsburg  
 City of Marshall  
 City of Menominee  
 City of New Baltimore  
 City of New Buffalo  
 City of Olivet  
 City of Owosso  
 City of Parchment  
 City of Pottersville  
 City of White Cloud

**Counties**

Alger County  
 Allegan County  
 Barry County  
 Calhoun County  
 Cheboygan County  
 Gogebic County  
 Manistee County  
 Missaukee County  
 Montcalm County  
 Oceana County  
 St. Joseph County  
 Tuscola County

**Schools**

Bessemer Area Schools  
 Columbia School District  
 Manistee Area Public Schools  
 Marcellus Community Schools  
 Michigan Center School District  
 North Adams-Jerome Public Schools  
 Waldron Area Schools  
 William C. Abney Academy  
 Woodland School

**Charter Townships**

Charter Township of Breitung  
 Charter Township of Coloma  
 Charter Township of Gun Plain  
 Charter Township of Marquette  
 Charter Township of Muskegon  
 Charter Township of Niles

**Libraries**

Brandon Township Public Library  
 Albion District Library  
 Briggs District Library  
 Cheboygan Area Public Library  
 Coopersville Area District Library  
 Eau Claire District Library  
 Ferndale Area District Library  
 Galesburg-Charleston District Library  
 Grant Area District Library  
 Hartford Library  
 Lakeland Library Cooperative  
 Manistee County Library  
 Maple Rapids Public Library  
 Marshall District Library  
 Newaygo Area District Library  
 Otsego District Library  
 Parchment Community Library  
 Suburban Library Cooperative  
 Watervliet District Library

**Other**

Alger Conservation District  
 Barry County Transit  
 Bear Lake Improvement Board  
 Calhoun County Cons. Dispatch Authority  
 Cass County Transit Authority  
 Central Upper Peninsula Planning and Dev. Com.  
 Coloma City-Charter Township of Coloma Cem.  
 Fennville Area Fire Board  
 Fife Lake Area Utility Authority  
 Firekeepers Local Revenue Sharing Board  
 Jordan Valley Emergency Med. Svcs. Auth.  
 Kent County Conservation District  
 Lake Leelanau Lake Association  
 Lowell Area Fire and Emergency Svcs. Auth.  
 Ludington Mass Transit Authority  
 Manistee 9-1-1 Authority  
 Manistee-Blacker Airport Authority  
 Mason-Oceana 9-1-1  
 Match-E-Be-Nash-She-Wish Rev. Shg. Board  
 Mid-Michigan Area Cable Comm. Consortium  
 Newaygo County Area Promise Zone Authority  
 North Berrien Fire Rescue Board  
 Oceana County Medical Care Facility  
 Owosso Downtown Development Authority  
 Polagon Band Local Revenue Sharing Board  
 Portland Area Fire Authority  
 St. Joseph County Transportation Authority  
 Straits Regional Ride  
 Thornapple Manor  
 Washtenaw County Conservation District  
 West Michigan Regional Planning Commission  
 White Cloud-Sherman Utilities Authority

## Continuing Education and External Quality Control Review

### ***Continuing Education***

Gabridge & Company, PLC and its professional staff members meet all continuing education and external quality control requirements as stated in the U.S. General Accounting Office's Government Auditing Standards (2018 revision).

### ***External Quality Control Review***

Included with this proposal is Gabridge & Company's most recent external quality control review (peer review) for which government engagements were included. The peer review is for the period ended June 30, 2018. Our firm continues to meet the external quality control review requirements by actively monitoring our staff member's continuing education and training (through frequent staff meetings, attending pertinent governmental conferences, and self-study courses focused on governmental accounting and auditing), participating in governmental associations, and internal inspections of audit files by partners not involved with the audit.

### ***Quality Control Procedures***

Some examples of our quality control procedures include:

- Draft versions of audit reports are reviewed by an independent review principal who was not involved with the audit.
- Our audit teams are trained prior to their arrival for fieldwork to ensure audit efficiency and that you will not need to "train the auditor".
- An audit manager or the principal in charge of the audit will be on-site at all times during fieldwork to ensure that a properly trained decision-maker will be available throughout fieldwork.
- The principal in charge of each audit reviews the audit report and related letters with the client prior to finalizing.

## Specific Audit Approach

Our goal is to provide a thorough and quality audit with as little disruption to our clients as possible. We achieve this by emphasizing planning procedures and having audit team members who specialize in governmental audit. For example, prior to our arrival for fieldwork, we will already have a working set of financial statements loaded into our proprietary software and will have identified the audit areas that we feel need to be emphasized in the field. We will know precisely what we need to look at prior to our arrival – this focused approach minimizes disruption to your staff while we are in the field. Also, our staff is made up of employees who specialize in governmental audit and who are fully dedicated to auditing governmental agencies. In other words, our clients will not need to "train the auditors".

### ***Interim Fieldwork and Audit Planning***

During the interim fieldwork and audit planning phase, we gain an understanding of your current year operations, evaluate the reliability of your internal controls, identify any issues that may have audit significance, and complete planning in preparation for final audit fieldwork. Based on the information that we obtain during this phase, we can determine your general areas of audit risk, the extent to which we can rely on your internal controls for our audit testing, and whether any significant audit issues need to be discussed so they can be resolved prior to the start of fieldwork. Some of the areas addressed at this time include documentation of internal controls, preparation of confirmations as necessary, review of minutes, completion of the preliminary analytical procedures review, and tailoring the current year audit work programs.

### ***Final Fieldwork***

As we complete our interim fieldwork and engagement planning, you will be provided with a listing of audit schedules required for final fieldwork. Many of the schedules will be similar to what you have prepared for previous audits and may be provided to us in an electronic format. The final fieldwork phase of the audit will generally commence once the books are closed and the appropriate audit schedules have been completed. During this phase, we will perform the appropriate tests of account balances, using sampling, substantive, and analytical review procedures, in order to form an opinion on the financial statements as a whole.

Areas that we will test using substantive procedures include (not intended to be an all-inclusive list):

**Cash and cash equivalents** – we will inspect bank account reconciliations and prepare bank account confirmations to ensure that the balances agree to the financial statements.

**Accounts receivable** – we will test certain balances by using a combination of analytical procedures and tracing year end balances to subsequent receipts.

**Interfund transactions** – we will review the schedule of interfund transfers and balances to ensure that all entries are reconciled and eliminated properly for government-wide presentation.

**Capital assets** – we will obtain a depreciation lapse schedule and verify key additions by inspecting vouchers, while also testing the adequacy of depreciation expense.

**Accounts payable** – we will obtain a year end accounts payable aging report and test for accuracy by inspecting certain vouchers. We will also review subsequent expenditures (after year end) searching for possible unrecorded liabilities as of year-end.

**Accrued payroll** – We will obtain payroll registers for payrolls issued after year end and compare to the schedule of accrued salaries and wages. We will also test the year end balances for payroll taxes by tracing year end liabilities to their payments, while comparing to payroll forms.

**Compensated absences** – We will obtain a year end value of compensated absences and validate the balance by comparing to the employee handbook and / or union contracts.

**Long-term debt** – We will obtain a year end schedule of long-term debt and verify the accuracy of the current portion of long-term debt by reviewing amortization schedules. We will also confirm certain balances by inspecting vouchers or sending confirmations to lenders.

**Equity** – We will ensure that the beginning fund balance and net assets amounts agree to the prior year ending balances.

**Property Taxes** – We will examine taxable values and the City's millages to ensure that the tax revenues are properly supported and allocated to the proper funds.

**State and Federal Grants** – We will compare state and federal grant revenues and substantiate the activity with Treasury reports and grant documents. We will also review federal grant and loan activity verifying consistency between the financial statements and the Schedule of Expenditures of Federal Awards (if applicable).

***Type and Extent of Statistical Sampling to be Used in the Engagement***

Statistical sampling will be used extensively during field work to assist with our testing procedures. Sample size will be based primarily on the level of risk assigned to a given financial statement assertion, the potential magnitude of misstatement, the potential for non-compliance, and other factors based on our professional judgment. Most often the range of our sample size is between 25 and 40 items. We affirm that adequate tests of transactions will be performed.

***Type and Extent of Analytical Procedures to be Used in the Engagement***

Analytical procedures also will be used extensively during our planning and final fieldwork stages. We will rely on our analytical procedures to determine what areas may need additional attention based on the size of deviation from our expectations. Analytical procedures will be applied using key ratios compared to budget and historical figures. Areas with large "gaps" between actual and expected amounts will receive additional attention in the field, and the results of the extra attention will be documented and substantiated. Lastly, during field work we will gather sufficient audit documentation, clear all open items, complete our audit programs, and our quality control documents will be completed and reviewed.

***Approach to be Taken to Document an Understanding of Internal Controls***

As auditors for a significant number of governmental units, we have a good understanding of the significant areas of internal control that need to be tested and documented. We have tailored client questionnaires for each significant transaction class that allow our clients to review and document any changes in procedures in a timely and efficient manner. We then review the questionnaires and utilize them as a base for documenting our related tests and walkthroughs.

***Approach to Determining Laws and Regulations that will be Subject to Audit Test Work***

We have accumulated an extensive list of the significant laws and regulations that apply to governmental entities. Each year we review that list in relation to new State, Federal, and industry guidelines and make modifications as appropriate. During fieldwork, the list is reviewed with client personnel to ensure compliance with the identified laws and regulations.

We will provide delivery dates during the planning phase of the audit and confirm these dates during our planning meeting with management. Following is our anticipated timetable to complete the audit:

<u>Description</u>	<u>Date(s)</u>
Detailed Audit Plan	June
Fieldwork	August
Draft Report	September
Final Report	September
Council Presentation	October

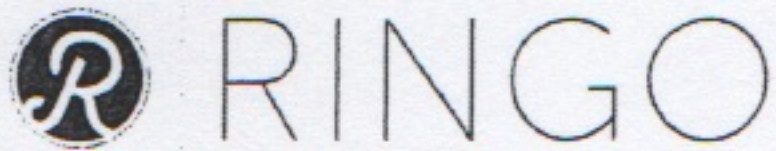
## Identification of Potential Audit Problems

We begin the audit process each year by revisiting any prior year management recommendations and/or suggestions and inquiring of our clients regarding any action taken to remedy those recommendations. In addition, we engage in discussions with our clients regarding any potential areas of concern and if there are any specific procedures they would like us to perform during the audit process.

We will also provide monthly written reports to the City that communicates progress of the audit. Additionally, any irregularities, illegal acts, or indications of illegal acts will immediately be reported in writing to management. Also, any conditions, transactions, situations or circumstances that need special consideration or that prevent or impede the completion of the audit will be reported to the City officials.

## Non-Discrimination Clause

Gabridge & Company, PLC does not discriminate against any individual for employment with respect to such person's hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of such person's race, color, religion, national origin, ancestry, age, sex, or disability as defined by law.



& ASSOCIATES, P.C.  
Certified Public Accountants

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Plymouth, MI 48170

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### Report on the Firm's System of Quality Control

March 28, 2019

To the Shareholder of Gabridge & Co.  
and the Peer Review Committee of the Michigan Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Gabridge & Co. (the firm) in effect for the year ended June 30, 2018. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

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.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, included a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gabridge & Co. in effect for the year ended June 30, 2018, 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*. Gabridge & Co. has received a peer review rating of *pass*.

Ringo & Associates, PC



225 S Camburn St  
Stanton, MI, 48888  
Phone (989) 831.4440  
Fax (989) 831.5756  
www.StantonOnline.com

**MEMORANDUM**

**To:** Stanton City Commission  
**From:** Vester Davis, Jr., City Manager  
**Date:** April 24, 2020  
**Subject:** MEDC Infrastructure and Resiliency (IR) Grant Application Update

**BACKGROUND**

In November 2019, the Michigan Economic Development Corporation (MEDC) announced the acceptance of Applications for new projects under the State of Michigan’s Community Development Block Grant Infrastructure (CDBG) and Resiliency (IR) program. Grant awards will range from \$500,000 to \$1,700,000. Citing the need to address infrastructure throughout the city of Stanton, staff is requesting consideration by the City Commission to approve the submission of a grant application to request \$1,689,573 in CDBG funds to improve storm water, water and sewer infrastructure near Bradford Street.

**PROPOSED PROJECT OVERVIEW**

Listed in the 2019 Capital Improvement Plan formed under the recent SAW Grant is the Bradford Extended Storm Sewer Improvements and Detention Pond (Project No: 202303).

**FINANCIAL IMPLICATIONS**

Included in the attachments is an authorizing resolution, which states the City of Stanton will commit local funds to execute the proposed project, if funded. The proposed local match amount of \$563,191.25 will account for 25% of the total project costs. The budget overview, also in the attachments, shows that the match amount will come from the General Fund, Water Fund, and Sewer Fund. Overall all local funds are in a positive state to fund the proposed project.

	General Fund	Water Fund	Sewer Fund
Pct. %	52.3%	40.2%	7.4%
Dollar amount	\$294, 674	\$226,261	\$41,846
Remaining fund balance (Unrestricted)	\$265,896	\$362,802	\$294,531

**REQUESTED ACTION**

A letter of interest from the MEDC dated April 16, 2020 was emailed to the City of Stanton via email expressing how the City's grant application has been recommended to proceed in the application process

**ALTERNATIVES FOR CONSIDERATION**

1. Agree to proceed with the Application process as presented.
2. Agree **not** to proceed with the Application process.
3. Postpone action to discuss at a later date, prior to May 19, 2020.

**RECOMMENDATION**

It is recommended that the City Commission agree to proceed with Application process as presented by the Michigan Economic Development Corporation.

**ATTACHMENTS**

- Attachment – Letter of Interest from the MEDC

April 16, 2020

Mr. Vester Davis  
City Manager  
City of Stanton  
225 S. Camburn Street  
Stanton, MI 48888

*Via Email*

**Re: Letter of Interest – City of Stanton Infrastructure and Resiliency Improvement Project**

Dear Mr. Davis:

Thank you for giving the Michigan Economic Development Corporation (MEDC) the opportunity to review the City of Stanton’s Application under the Michigan Strategic Fund (“MSF”)’s Community Development Block Grant (“CDBG”) Program. Based on the review of the City’s Application, the City has been recommended to proceed in the application process and may be eligible for an Infrastructure and Resiliency (IR) Grant not to exceed \$1,689,574. Please note that this is not a grant award. Until the potential grant offer has been approved by the MSF, the City must abstain from making public announcements.

CDBG funding is awarded to the State by the U.S. Department of Housing and Urban Development (HUD) and administered by the MEDC, through the MSF. The project meets the National Objective of benefiting low- and moderate-income persons.

Due to federal regulations associated with CDBG funding, this program requires an Environmental Review that can take 2-3 months. To remain eligible for this funding, project costs, including CDBG, local, private, and any other project costs, cannot be incurred until the environmental review procedures have been completed and the Community has received written approval from the MSF. Incurring costs is defined as making commitments relevant to the project. This includes, but is not limited to, entering lease/easement/purchase agreements, ordering equipment, signing contracts, and performing any work other than activities to be determined exempt from the National Environmental Policy Act of 1969 (NEPA).

The selected communities will be required to comply with all CDBG Program requirements as stated in the MEDC’s Grant Administration Manual ([Link](#)). To assist the City with making a decision on continuing with the application process, the CDBG program requirements are summarized below. These requirements include, but are not limited to:

Mr. Vester Davis, City Manager

April 16, 2020

Page 2

- **Area Benefit National Objective**
  - Ensuring that the project activities benefit the entire Community;
- **Environmental Review**
  - Ensuring that the correct level of environmental review will be completed;
  - Ensuring that project costs will not be incurred until the correct level of environmental review has been conducted;
  - Ensuring that a re-evaluation of the environmental review will be conducted if changes are made to the project scope;
- **Financial Management**
  - Ensuring that the community has a sound financial management system;
  - Ensuring that costs are reasonable;
  - Ensuring that the correct procurement process will be followed when engaging consultants and contractors;
  - Ensuring that contractors are properly licensed, bonded, and insured;
- **Uniform Relocation Assistance and Real Property Acquisition Policies Act**
  - Ensuring that easements are acquired according to federal requirements;
- **Federal Labor Standard Provisions**
  - Ensuring that the required federal language is included in the bid documents;
  - Ensuring that all contractors and subcontractors are eligible to work on CDBG projects;
  - Informing the selected contractor and subcontractors that employees must be paid prevailing wage rates;
  - Conducting employee interviews;
  - Reviewing certified payrolls and employees interviews to ensure that employees have been paid prevailing wages;
- **Reporting requirements**
  - Progress Reports due twice per year
  - Single Audit Requirement due once per year
  - Section 3 Summary Report due once per year
  - MEDC Payables due once per year
  - Contract and Subcontract Activity Report once per year
- **Plan and Policy Requirements**
  - Procurement Policy
  - Public Participation Plan
  - Residential Anti-Displacement and Relocation Plan
  - Section 3 Policy
  - Section 3 Plan
  - Fair Housing Ordinance/Plan
  - Excessive Force Policy



Mr. Vester Davis, City Manager

April 16, 2020

Page 3

Any incentive awarded under the CDBG Program is contingent upon several factors, including (i) submission by the Community of a completed application and all other documentation required under the Program, (ii) satisfactory community support, (iii) available funding, (iv) the project occurring at the site identified, (v) approval of an award by the MSF, (vi) execution of a final agreement between the Community and the MSF containing established milestones and reporting requirements, and (vii) execution and certification of the Applicant section of the Grant Agreement, and all other detailed terms and conditions, required by the MSF.

Finally, the MEDC requires all projects that receive funding through the MSF include the MEDC logo on any site signage throughout construction of the project. Please submit a request to use the MEDC logo using the online system ([Link](#)). The MEDC will need to approve a sample of the signage with the logo's placement prior to any signage being displayed. Please keep in mind the logo should be used in a secondary manner and preferred placement is in the lower right or left hand corner. Please find the brand guidelines and the logo ([Link](#)). All approved logos for use are not to be utilized until MSF approval of the incentive, but we recommend submitting a request in tangent with staff's due diligence for the project request. Any staff events planned around breaking ground or project start should be coordinated with MEDC staff. Please let the MEDC know at least three (3) weeks in advance if you are planning an event.

This letter of interest is subject to the City's ability to meet the following contingency, receive approval from the MSF, and execute a Grant Agreement with the MSF.

**1. Contingency #1 – Due no later than May 19, 2020 at 5:00 p.m. Return to the MEDC one of the following:**

- a. This Letter of Interest, signed on the last page by the Authorized Elected Official, accepting the offer to continue in the application process, certifying that the Community has not yet started/incurred project costs and certifying that the Community will not start/incur project costs until authorized by the MEDC.

OR;

- b. This Letter of Interest, signed on the last page by the Authorized Elected Official, declining the offer to continue in the application process. By electing to decline the offer to continue in the application process or by electing not to sign and return this Letter of Interest no later than May 19, 2020 at 5:00 p.m., the Community is choosing not to pursue the proposed CDBG funding.



Mr. Vester Davis, City Manager

April 16, 2020

Page 4

As indicated above, please return to the MEDC no later than May 19, 2020 this Letter of Interest signed on the last page by the Community's Authorized Elected Official indicating whether this offer to continue in the application process is being accepted or declined. Contingency items as specified above must also be attached and submitted no later than May 19, 2020.

Submit the documents and/or questions to Louis Vinson, Senior CDBG Program Specialist at [vinsonl1@michigan.org](mailto:vinsonl1@michigan.org). Congratulations on being selected to continue with the CDBG IR Application Process!

Sincerely,



Christine Whitz

Director, Community Development Block Grant Program

cc: Louis Vinson, Senior CDBG Program Specialist *via email*



Mr. Vester Davis, City Manager  
April 16, 2020  
Page 5

Please select one of the two below options, sign, and return this Letter of Interest as explained above no later than 5:00 P.M. on May 19, 2020:

1.  By checking this box, the Community has **agreed** to proceed with the Application process, including the contingency items outlined above. The Community also certifies that project costs included in the project budget have not yet been obligated, incurred, and/or expended (see paragraph 3 on the first page).

\_\_\_\_\_  
Authorized Local Official Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

2.  The Community has agreed **not** to proceed with the Application process and has chosen not to pursue the proposed Community Development Block Grant Program funding.

\_\_\_\_\_  
Authorized Local Official Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

