

## Chet Janik

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**From:** Steve Peacock <Steve.Peacock@rehmann.com>  
**Sent:** Monday, July 18, 2022 12:11 PM  
**To:** Chet Janik  
**Cc:** Steve Peacock  
**Subject:** {cc4c7aab-f528-4930-b457-375468114ba8}.pdf  
**Attachments:** {cc4c7aab-f528-4930-b457-375468114ba8}.pdf

Greetings Chet –

I'm looking forward to our talk at 1pm your time!

I have attached a bank reconciliation which was signed (presumably approved) by Mr. Gallagher along with the bank statement.

I have spoken to the team internally and can offer the following comments –

- 1) This account has been on the books for decades. This is not consistent with my comments to the board last week and I will clarify. There was a note in our workpapers that said “to record cash into the general ledger that was not recorded by the client”. That is where my comments came from. Upon further discussion with the team, this account has traditionally held a balance way below our materiality and with minor transactions until this year. What I learned was that there was a \$150k bond posted in district court that was deposited into this account and was not accounted for on your general ledger.
- 2) When our staff discovered this discrepancy, their initial point of contact was the treasurers office which indicated that they did not have much if any knowledge about this account. Our team reconvened and then asked Jen to investigate. When she returned with the answers were as follows:
  - a. The District court prepares deposits and sends to the treasurers office to make the deposit which is held in a locked bag.
  - b. The Treasurers office makes the deposits along with other County deposits.
  - c. The District court provides the monthly statements to the treasurers office.
  - d. The Treasurers office prepares bank reconciliations (see attached).
- 3) The main questions/concerns we have are as follows:
  - a. The bank rec didn't tie to the GL and was off by \$155k. This is concerning to auditors since that amount exceeds our materiality threshold – hence the finding.
  - b. If a signed off bank rec doesn't tie to the GL, the auditor has to increase scrutiny on information being provided by that department/person. This goes for all departments/personnel of the county.
  - c. The entry to record this cash was for \$153,550.
  - d. The entry required for the bond refunding was very large, nearly 2,600,000 but honestly this is complicated accounting and I would not expect our clients to be able to do this on their own. As I mentioned, when our clients go through this type of a transaction, they consult with us to make sure the entry is posted timely and accurately so that any interim financial statements issued are accurate. That did not happen here.
  - e. The effect of these entries had minimal effect on the Fund Balances of the County however because of the nature and amount of the entries, they ended up being considered a material weakness.

I'm happy to discuss these with you or anyone else and look forward to our discussion at 1pm your time. The internet her is very unstable and I will not be able to use my camera on the call and there may be feedback coming from this call. Be patient with me as I may have to mute when I'm not speaking to cut down on the feedback. My call an hour ago was not great – the feedback was horrible and when I turned my camera on, I dropped the entire call.

Talk with you at 1pm!

Steve

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RR noted no  
reconciling items  
over ISI, NAPCN.

PBC

**BANK RECONCILIATION**

DATE: DECEMBER 2021

Beginning Balance:	\$158,976.00	✓ pg. 2	2101.01
Outstanding Checks(-)	526.00	✓	2101.01
<b>Total</b>	<u>158,450.00</u>		

In Transit (+) OUTSTANDING DEPOSIT

Other Adjustments (-)

**Total** \$158,450.00 2101.01

NSF (+)

**Total** \$158,450.00

Other Adjustments

**Total** \$158,450.00

**Holding Account Balance** \$158,450.00

Adjustments

**Total** \$158,450.00 ✓

**Difference** 0

RECONCILED BY: CINDY SCHAUB

DATE: 1/4/2022

APPROVED BY:

*John A. Gallagher*

THE HUNTINGTON NATIONAL BANK  
 PO BOX 1558 EA1W37  
 COLUMBUS OH 43216-1558



LEELANAU COUNTY  
 NEW BOND ACCOUNT  
 8527 E GOVERNMENT CENTER DR STE 104  
 SUTTONS BAY MI 49682-9742

Have a Question or Concern?

Stop by your nearest  
 Huntington office or  
 contact us at:

1-800-480-2001

www.huntington.com/  
 businessresources

**Huntington Public Funds Hybrid Checking**

Account: -----2076

Statement Activity From:  
 12/01/21 to 12/31/21

Days in Statement Period 31

Average Ledger Balance\* 157,947.93  
 Average Collected Balance\* 157,943.09

\* The above balances correspond to the  
 service charge cycle for this account.

Beginning Balance	\$158,006.00
Credits (+)	1,100.00
Regular Deposits	1,100.00
Debits (-)	130.00
Regular Checks Paid	130.00
Ending Balance	\$158,976.00

pg. 1

**Deposits (+)**

Account: -----2076

Date	Amount	Serial #.	Type	Date	Amount	Serial #	Type
12/30	1,100.00	✓ 147840981	Brch/ATM				

**Checks (-)**

Account: -----2076

Date	Amount	Check #	Date	Amount	Check #
12/02	30.00	18923	12/01	100.00	18924

(\*) Indicates the prior sequentially numbered check(s) may have 1) been voided by you 2) not yet been presented 3) appeared on a previous statement or 4) been included in a list of checks.

**Balance Activity**

Account: -----2076

Date	Balance	Date	Balance	Date	Balance
11/30	158,006.00	12/02	157,876.00		
12/01	157,906.00	12/30	158,976.00		

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