

and explanations which she provides in her memorandum. She further indicates that it is the responsibility of the Township, by its Clerk and Treasurer, to establish appropriate payroll procedures and to make the appropriate federal withholdings and contributions as required by law and by the Township's benefit plans. She assumes that all of the necessary steps have been taken to correct the issue of the Medicare contribution but expresses frustration as to the apparent inability of Mr. Dahlstrom to prepare consistent and accurate payroll records so that Burnham & Flower can properly administer the Plan. This frustration is expressed in her memorandum and Ms. Merryman indicates that this frustration has continued as she has attempted to assist Mr. Dahlstrom in establishing and implementing consistent and accurate payroll procedures on behalf of the Township.

We interviewed former Clerk Cindy Davis on August 23, 2007. Ms. Davis explained the process of establishing payroll at the Township. The Clerk is responsible to prepare the payroll and issues a paycheck or warrant for each Township official or Trustee on a monthly basis. The warrant with the supporting documentation for the payroll deductions is transmitted to the Board for its approval on its consent agenda. Following Board approval, the Clerk signs the warrant and transmit the warrant with the supporting documentation to the Treasurer for the Treasurer's counter-signature. Upon determination by the Treasurer that sufficient funds are available in Township accounts, the warrants are transmitted to the Township official or Trustee. With regard to the establishment of the Section 401a Plan and the payroll procedures of the Township, Clerk Davis indicates that no withholding was made for either social security or Medicare upon the implementation of the Plan. When an issue was raised at a Board meeting regarding the Medicare contribution, it was confirmed through Burnham & Flower that the Medicare contribution was required to be withheld and transmitted to the State of Michigan for any employee hired after April 1, 1986. Ms. Davis indicates that the Township Board took steps to approve modifications in the Plan documents by reducing the pension withholding to 6.2% and the Clerk clarified the procedure with regard to withholding and transmittal of the Medicare contribution system. She indicates that the responsibility to implement the change in the payroll system to make the withholding and Medicare contribution would have been the responsibility of the Clerk, Mr. Dahlstrom, after November, 2006.

We interviewed Supervisor Mickey Martin on July 12, 2007. Ms. Martin described the history of implementing a Section 218 Agreement and Plan, establishment of a Section 457 Plan and the investigation and implementation of adopting the Section 401a Plan to supplement the Section 457 Plan. As the Board discussed the