



October 23, 2018

Isabella County Commissioners
200 N. Main Street
Mt. Pleasant, MI 48858

We offer the following status report on our accomplishments while working with the County in the capacity of contracted Director of Financial Services over the last quarter. Our last report was through June 30, 2018 and since then we have taken on a variety of tasks and continued to move other tasks forward that were discussed in previous reports. The following is what we have been working on over the past quarter through September 30, 2018:

1. As we have done since this service started, we continued to evaluate the County's overall business structure and its related functions (journal entries, accounts payable, payroll, general ledger, etc.) as it relates to how BS&A handles certain accounting functions. With that gained knowledge have periodically made suggestions to assist the County to run the financial management functions more effectively and efficiently. We also performed various analyses as requested such as the future establishment of a MIDC fund, CAP analysis as updated, drain borrowings, and a variety of other analyses to assist in the operational activities of the County.
2. We continued to spend time this last quarter assisting the Administrator/Controller's Office completing "audit follow up" from 9/30/17. We assessed the corrective action plan schedule used to track the issues that were noted in the audit and how/when the issue was/will be resolved. As noted in the audit there were 3 audit findings. 2 of the 3 issues were resolved previously at 6/30/18 (procurement policy & material JE's) and 1 (Trial Court bank reconciliations) was still in process at 9/30/18 and is expected to be resolved in October 2018.
3. We continued to be proactive on other bank reconciliation items to prevent them from becoming audit concerns in the future and learning more about how the County handles the processes. This included meeting with the Sheriff's office to get an understanding of the inmate trust account and its reconciliation, which we did and now have an understanding of how it is functioning. We also tried to get a meeting set with the Trial Court regarding their bank account to assure their processes have adequate controls in place prior to this fiscal year end. This meeting did not happen as of 9/30/18 but took place in October 2018.
4. We worked with Ms. McAvoy and Ms. Frost on an update to the County procurement policy as the current policy needed updating already to be in compliance with the new Federal requirements of Uniform Guidance. We also began meeting and brainstorming related to the next set of policies that need revision or creation. Those policies include revising the two (2) travel policies and consolidating them into one (1) policy. We also started gathering data to develop policies related to Fund Balance and Capital Assets. We hope these three (3) policies will come to the Board for your review and approval in the next quarter or early 2019.
5. In preparation for the State of Michigan's revision to the Uniform State Chart of Accounts, a substantial amount of time was spent during the quarter analyzing the new chart of accounts and comparing it to the County's current chart of accounts to assess what will need to change so that the County is in compliance. It was determined that there will need to be substantial changes needed and the tentative goal will be to have this in place by the next budget period of 19/20.

6. I have attended various Finance Committee, Leadership Council, and Leadership Team meetings, along with some Commissioner's Work Sessions this quarter to be a source of information for those involved. We have also had a variety of "informal" meetings with Administrator's office staff, the Administrator, and various other County employees as needed to be a resource on various financial aspects of the County.
7. Effective 10/1/16 we implemented a process of having all journal entries prepared and reviewed by two different staff members in the Administrator's office. We reviewed in detail and approved all journal entries posted during the quarter that were posted by the accountant and reviewed in general terms all other journal entries posted year to date.
8. In conjunction with the budget process we continued to perform a multitude of detail analyses as requested on such areas as the DTR and PA123 Funds to get a true handle on these funds and what portion of the net position in those funds could be utilized as part of the 18/19 budget.
9. A previous goal that was set in place was to get a quarterly revenue/expenditure, budget vs. actual report developed from the accounting software and have it available for the Commissioners to review and assess the financial status of the County in the more significant Funds (General, COA, etc.). This report for the quarter ended 6/30/18 was provided during this quarter. Because the 9/30/18 quarter is the fiscal year end, the 9/30/18 quarterly report will get to the Commissioners in late 2018.
10. We also assisted and devoted a great amount of time this quarter on the budget process for the 18/19 fiscal year assisting in finalizing that and presenting it to the Board in September 2108. As Ms. McAvoy has stressed many times this is a huge team effort by everyone in the Administrator's office and County-wide. This process was "all-consuming" of a vast number of hours in the past quarter.
11. In the next quarter the big push will be to prepare for the 9/30/18 audit. With the turnover in the Administrator's office, our goal will be to be more involved with the audit preparation process since one of the accountants has not gone through the audit preparation process before. We also expect to continue to work to complete the policy preparations as noted above and hope to begin to address various areas that we have not had sufficient time to address in the past. Those areas are similar to the areas that have been mentioned before, such as evaluate centralized purchasing; contract management; working to continue to practically apply the cost allocation plan to current operations and implement a plan for complete implementation in the near future across all applicable funds; evaluation of the MERS and MMRMA processes; performing a five-year financial forecast; and any other projects as assigned that would be beneficial to the County.

We are pleased that the County continues to take these positive steps to improve your financial management functions. We feel we continue to be a positive resource for the County and our accomplishments are meeting the expectations of the County. We look forward to continuing our relationship long into the future and being a valued member of the Management Team of the County for many years to come. Thank you for the opportunity to assist you in this process. If you should have any questions or need additional information, please let me know.



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