ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

I. POLICY

As stewards of funds, the County must provide accountability for their use. The accounting, auditing and financial reporting functions address accountability and provide critical information to the Board of Commissioners, administrative staff, and department managers that helps them assess their programs and aid in decision-making.

The intent of this policy is to establish guidelines and standards for the County’s accounting, auditing and financial reporting process.

II. STATUTORY REFERENCES

Public Act 2 of 1968, Uniform Budgeting and Accounting Act
Public Act 71 of 1919, Uniform System of Accounting MCL 141.921(1)
Public Act 34 of 2001, the Revised Municipal Finance Act
SEC Rule 15c2-12

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

Board of Commissioners Review Date and Resolution Number: May 13, 2008; 08-110

Name and Date of Last Committee Review: Planning and Policy Committee, May 11, 2017

Last Review by Internal Policy Review Team: May 1, 2017
IV. PROCEDURE

A. The County will comply with generally accepted accounting principles as contained in the following publications:

1. *Codification of Governmental Accounting and Financial Reporting Standards* issued by the Governmental Accounting Standards Board (GASB) including all statements, interpretations, technical bulletins, and implementation guides.

2. *Governmental Accounting, Auditing and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association (GFOA) of the United States and Canada

3. *Audits of State and Local Government Units*, an industry guide published by the American Institute of Certified Public Accountants (AICPA) including statements of position and practice bulletins.

4. *Government Auditing Standards* issued by the Controller General of the United States


7. Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards 2 CFR 200

8. *Municipal Finance Act*

B. The County will file all required financial reports by their established deadlines:

1. A comprehensive financial audit including an audit of federal grants according to the United States Office of Management and Budget will be performed annually by an independent public accounting firm. The firm will express an opinion on the County’s financial statements.

2. The Comprehensive Annual Financial Report, including the Single Audit will be issued within six months of the County’s fiscal year end.

3. The Comprehensive Annual Financial Report will be in compliance with the standards and guidelines established by the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.
4. The County will submit a qualifying statement to the State of Michigan in compliance with Public Act 34 of 2001, the Revised Municipal Finance Act.

5. The County will meet all continuing disclosure filings required by the Securities and Exchange Commission (SEC) including the guidelines established by SEC Rule 15c2-12.

6. The local unit annual fiscal report (F-65).

A. During the preparation of financial statements, certain assumptions are reasonable and necessary. More information can be found in Note 1 of the Comprehensive Annual Financial Report, but examples are as follows:

1. Capital Assets
   a. Land, buildings, and equipment that meet the following criteria:
      i. An initial, individual cost of more than $5,000
      ii. An estimated useful life in excess of two years
   b. The County will recognize an impairment when changes in conditions result in an unexpected and significant permanent decline in the service utility of a capital asset
   c. Department Heads and Elected Officials shall confirm a list of assets biennially, at a minimum, and Fiscal Services will validate the process.

2. Inventory and prepaid expenditures
   a. Inventory is valued at cost in the first-in/first-out (FIFO) method and are expensed when consumed, not purchased
   b. Prepaid items are expensed when consumed, not purchased

B. A system of internal accounting controls will be maintained to adequately safeguard assets and provide reasonable assurances of proper recording of the County’s financial transactions. The internal control practices of individual departments will be reviewed annually in connection with the annual audit.

C. The County will provide accurate and timely financial reports to departments and the Board of Commissioners to aid them in assessing the financial condition of the County and individual departments:

1. Electronic financial reports including a budget to actual comparison, transaction listing and budget exception report will be available to departments.

2. Fiscal Services Department will provide the Finance and Administration Committee of the Board with budget to actual comparisons for the General Fund, Mental Health Fund and Health Fund on a quarterly basis or as requested.
V. REVIEW PERIOD

The Internal Policy Review Team will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.