SUMMARY OF AUDIT BIDS
FINAL SCORES

AUDIT FIRM	SCORE
Anderson Tackman	52
Gabridge & Co.	51
Vredeveld Haefner LLC	50
Maner Costerian PC	48
Rehmann Robson	47
Andrews Hooper Pavlik PLC	46

Total score possible: 60

PROPOSAL TO PERFORM THE
December 31, 2019
(with optional three subsequent fiscal years)

FINANCIAL AUDIT, SINGLE AUDIT, AND OTHER MANAGEMENT ADVISORY SERVICES FOR

County of Otsego, Michigan

Gaylord, Michigan 49735

PROPOSAL TO PERFORM THE
December 31, 2019
(with optional three subsequent fiscal years)

FINANCIAL AUDIT, SINGLE AUDIT, AND OTHER MANAGEMENT ADVISORY SERVICES FOR

County of Otsego, Michigan
Gaylord, Michigan 49735

By

ANDERSON, TACKMAN & COMPANY, PLC

16978 S. Riley Avenue

Kincheloe, Michigan 49788

(906) 495-5952

Contact Person

Kenneth A. Talsma, CPA

December 26, 2019

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS
MEMBER MACPA
OFFICES IN
MICHIGAN & WISCONSIN

December 26 2019

County of Otsego, Michigan
225 West Main Street
Gaylord, Michigan 49735

Dear Commissioners:

We appreciate this opportunity to present our qualifications to serve the County of Otsego, Michigan as its independent accountants. Our firm currently audits over 150 Michigan municipalities and related entities, eighty-three of which are the responsibility of our Kinross, Michigan office. As noted in our client list, we currently audit eight counties in the State of Michigan.

Our proposal package annexed, addresses our understanding of services to be provided, our qualifications, approach to auditing, and other information. The proposal is for a three year engagement at the Board's request and is a firm and irrevocable offer for 60 days.

Our annual bid includes the financial audit for funds of the County as well as the required governmental compliance letters, the required governance letter, Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations, preparation of annual filing cover sheets for nationally recognized municipal securities information repositories and the Uniform Guidance Single Audit Schedules and Compliance Reports.

We welcome any questions regarding our proposal and will respond as directed at your convenience.

The information contained in this proposal is intended for the sole use of the County of Otsego, Michigan evaluating our qualifications to perform the proposed engagement and should not be used for any other purpose or be publicly disclosed or distributed to third parties without the written permission of Anderson, Tackman, and Company, CPA's, PLC.

Very truly yours,

ANDERSON, TACKMAN & COMPANY, PLC

Kenneth A. Talsma

Kenneth A. Talsma, CPA
Principal

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788

(906) 495-5952 / FAX 495-7312
E-mail: antack@antack.com

UNDERSTANDING OF SERVICES TO BE PROVIDED

We propose to perform an audit of all includable funds of the County of Otsego, sufficient in scope to enable us to render our opinion on the basic financial statements for the fiscal year ended December 31, 2019, with optional three subsequent fiscal years. Our audit would be in accordance with U.S. generally accepted auditing standards and procedures as set forth in the Codification of Statements on Auditing Standards, Statements Published by the National Council on Governmental Accounting and the Governmental Accounting, Auditing and Financial Reporting Statements, the Industry Audit Guide for Audits of State and Local Governmental Units, Uniform Guidance: Single Audit Requirements for Financial and Compliance Audits of Governmental Units, Circular A-102, Grants and Cooperative Agreements with State and Local Governments, OMB Circular A-87, Principles for determining Costs applicable to grants, Government Auditing Standards and other requirements, as appropriate.

Our engagement would include preparation of the GASB 34 format Financial Report, and the Single Audit financial and compliance reports, as required. Although the primary purpose of our audit would be to express our opinion on the basic financial statements of the County, we would also prepare a report to management relative to areas within the accounting system where improvements would be appropriate and advantageous. Single audit data collection form, Annual F-65 Report required by the State of Michigan.

At the conclusion of our engagement, we would present the financial and compliance reports, as listed in the "Request for Proposal", to management and the members of the Board of Commissioners at your request, summarize our audit findings and conclusions, and review our Communication letter with management and the Commission. One unbound copy, one electronic (Word/Excel Format) copy, and fifteen copies of the financial and compliance reports, would be supplied to the County at the conclusion of the engagement. One report would be electronically filed to the Michigan Department of Treasury.

The following Management Advisory Services would be provided at additional cost as required:

1. Other services as identified and requested.

The primary purpose of our audit is to express an opinion on the financial statements. If conditions are discovered that lead to belief that material errors, defalcations or other irregularities exist we will advise management.

During the course of the engagement if circumstances are encountered that require extended services, the auditor will promptly advise appropriate County personnel. A description of services will be provided but no additional services will be provided without authorization.

Our 2019 engagement fieldwork would begin in March or April and conclude by April 30, 2020. The subsequent years' engagement fieldwork would begin on a similar schedule of timing based on County approval. Draft reports would be furnished by May 15th, final reports by May 31st of each year, assuming the County is ready for audit by March 1st each year.

INDEPENDENCE

Anderson, Tackman & Company, PLC is independent in relation to County of Otsego, Michigan as defined by the U.S. General Accounting Office's Government Auditing Standards.

If we enter into any professional relationships during any period of our engagement as auditors that may affect our independence, we will contact you in writing. This correspondence would indicate our relationship and its effect on your audit.

LICENSURE

Sue A. Bowlby, CPA, Kenneth A. Talsma, CPA, Amber N. Mack, CPA, Leslie Bohn, CPA, Tori Kruise, CPA and Anderson, Tackman & Company, PLC, are properly licensed as certified public accountants in the State of Michigan and are registered with the Michigan State Board of Public Accountancy.

FIRM PROFILE

Anderson, Tackman & Company, PLC, is a mid-western regional certified public accounting firm with five offices in Michigan and Wisconsin. There are presently thirteen principals in the firm and upwards of sixty-five supervisory and professional staff personnel.

Our firm provides services to a diversified group of clients in five basic areas: audit, tax, management consulting (including computer systems analysis), monthly accounting, and financial planning. Our clients include varied types of commercial enterprises, individuals, governmental units, financial institutions, and non-profit organizations.

Anderson, Tackman & Company, PLC, as evidenced by our client list, is very active in the area of providing services to governmental units. Our involvement includes the normal audit function as well as providing systems and computer consulting as needed by our clients. Recent governmental consulting engagements have included systems design, personnel search, evaluation and implementation of internal computer hardware and software systems, feasibility studies, and user charge rate studies.

The engagement would be performed by our Kinross, Michigan office. The following is a list of personnel and their respective specialties at our office.

Personnel	Title	Specialty
Sue Bowlby, CPA	Principal	Tax/Commercial Accounting Principal
Kenneth Talsma, CPA	Principal	Governmental Audit Principal
Amber N. Mack, CPA	Principal	Tax/Governmental Audit
Douglas Welton	Senior Manager	Governmental Audit
Leslie Bohn, CPA	Staff	Tax/Commercial Accounting/Audit
Cindy Sturgeon	Staff	Tax/Commercial Accounting/Audit
Britani Douglass	Staff	Governmental Audit
Emily Chartrand	Staff	Commercial Accounting/Audit
Tori Kruise, CPA	Staff	Tax/Governmental Audit
Sheri Ross	Staff	Clerical
Sherry Nault	Staff	Clerical
Cynthia Severance	Staff	Clerical

OUR SERVICE TEAM QUALIFICATIONS

At Anderson, Tackman & Company, PLC, we believe the key to establishing and maintaining a professional relationship with our clients is to provide superior services through a team effort. The team of professionals we have assembled to serve the County of Otsego includes specialists in areas such as governmental auditing and accounting, taxation, and grant expertise. We are very selective in our staff assignments and are proud of their ability to work effectively.

Anderson, Tackman and Company, PLC

ENGAGEMENT TEAM

Kenneth A. Talsma, CPA
Principal

Douglas Walton
Senior Auditor

Britani Douglass
Staff

Anderson, Tackman and Company, PLC is independent in relation to the County of Otsego as defined by the U.S. General Accounting Office's *Government Auditing Standards.* All staff as listed are properly licensed as certified public accountants in the State of Michigan and are registered with the Michigan State Board of Accountancy. All personnel meet the current Yellow Book guidelines for continuing professional education in order to participate in a governmental audit.

PROFESSIONAL STAFF PROFILES

Kenneth A. Talsma, CPA
Partner Governmental Division

EXPERIENCE	Nineteen years of public accounting experience with Anderson, Tackman & Company, PLC, and Gillette, Halvorsen, & Leonhardt.
PARTIAL LISTING OF GOVERNMENTAL CLIENTS SERVED	Alcona County Antrim County Benzie County Chippewa County Crawford County Gladwin County Hillsdale County Osceola County
SPECIAL AREAS OF EXPERTISE	Financial auditing & reporting Compliance auditing & reporting Single audit Debt capacity studies Internal control reviews Defalcation consultation Personnel assistance Feasibility study
PROFESSIONAL ACTIVITIES	American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants
EDUCATION	Lake Superior State University Bachelor of Science Accounting

PROFESSIONAL STAFF PROFILES

Douglas Welton
Manager - Governmental Division

EXPERIENCE	Seven years of public accounting experience with Anderson, Tackman & Company, PLC
PARTIAL LISTING OF GOVERNMENTAL CLIENTS SERVED	Alcona County Antrim County Benzie County City of Sault Ste Marie City of Grayling City of East Jordan City of Frankfort City of Harbor Springs City of Manistee Chippewa County Crawford County Gladwin County Hillsdale County Luce County Mackinac County Montmorency County Osceola County Otsego County Presque Isle County Sanilac County
SPECIAL AREAS OF EXPERTISE	Financial auditing & reporting Compliance auditing & reporting Single audit GASB 68 implementation Internal control reviews Act 51 Personnel assistance Feasibility study
EDUCATION	Lake Superior State University Bachelor of Science Accounting

CPE OF STAFF ASSIGNED

KENNETH A. TALSMA, CPA

Implementation of GASB 34
Governmental Accounting and Auditing Update – Winter, Spring, Summer & Fall
Computer Training Seminar – Go Systems
Ethics in the Audit process
Quality Assurance Conference
Nonprofit Conference
Spring Governmental Accounting and Auditing Conference – 2009, 2010, 2011, 2018
Applying A-133 to Nonprofit and Governmental Organizations
Solving Complex Single Audit Issues for Governmental and Nonprofit Organizations
Implementing the New Risk Assessment Standards
MACPA- Ethics
AICPA National Government and Not-for-Profit Program

AMBER N. MACK, CPA, EA

AICPA's Annual Update: Governmental & Nonprofit
Yellow Book Financial Audits
Accounting for Nonprofit Grants and Contracts
Financial Institutions Conference
Standards for Accounting and Review Services
Michigan Specific Ethics

DOUGLAS J. WELTON, JR.

Auditing Defined Contribution Retirement Plans
The CPA Report Volumes 2018
The CPA Report Volumes 2019
Governmental Accounting and Auditing Update
Fundamentals for performing a single Audit under Uniformed Guidance for Federal Awards
Governmental &Nonprofit Update
Act 51 training
Transition to COSO
Auditing Defined Contribution Retirement Plans
Applying Uniform Guidance in Your Single Audit
Applying GASB 68
School District Update 2018
Yellow Book Financial Audits
AICPA's Annual Update: Gov & Nonprofit A&A issues

QUALITY ASSURANCE

Anderson, Tackman & Company, PLC is a member of the AICPA Division for CPA Firms and has elected to participate in the American Institute of Certified Public Accountants peer review quality control program, a lengthy process that was completed successfully in 2016 and included several county and other governmental audits. Anderson, Tackman & Company, PLC is also a member of the AICPA Government Audit Quality Center. The clients of Anderson, Tackman & Company, PLC, therefore, receive the services of a quality-oriented organization combined with a personal, non-institutional approach, geared to their specific needs.

Prior audit engagements have been accepted by regulatory agencies without revision and all audit reports have been filed within 6 months of year end.

All professional staff attend quarterly in-house education courses related to governmental audits. In addition, participating staff attend the MACPA Governmental Audit conference in Lansing each year to stay informed on regulations. Anderson, Tackman & Company, PLC assures quality in the field through work paper review, inspection and conformance to audit programs during the engagement.

Worker's compensation insurance and Commercial Liability Insurance will be maintained during this contract period. All working papers will be retained for five years unless notified in writing by the County.

SIMILAR ENGAGEMENTS WITH GOVERNMENTAL UNITS

Anderson, Tackman & Company's Kinross office similar engagements are as follows:

Client Name	**Antrim County**
Service	Financial & Compliance Audit (Including the Following Component Units) - Road Commission
Date	Fiscal 2008 to present
Partner	Kenneth A. Talsma
Hours	360
Contact Name	Sherry Comben
Phone Number	(231) 533-8596

Client Name	**Alcona County**
Service	Financial & Compliance Audit (Including the Following Component Units) - Road Commission
Date	Fiscal 2011 to present
Partner	Kenneth A. Talsma
Hours	220
Contact Name	Cheryl Franks
Phone Number	(989) 724-9420

SIMILAR ENGAGEMENTS WITH GOVERNMENTAL UNITS - (Continued)

Client Name	**Chippewa County**
Service	Financial & Compliance Audit and Various Special Projects (Including the Following Component Units) - Health Department - Road Commission - Joint Building Authority - Economic Development Corporation - Transportation Authority
Date	Fiscal 1984 to present
Partner	Kenneth A. Talsma
Hours	650
Contact Name	James German
Phone Number	(906) 635-6308

Client Name	**Osceola County**
Service	Annual Financial and Compliance Audit
Date	Fiscal 1999 to present
Partner	Kenneth A. Talsma
Hours	400
Contact Name	Susan Vander Pol
Phone Number	(231) 832-6196

Client Name	**Benzie County**
Service	Financial & Compliance Audit (Including the Following Component Units) - Road Commission - Economic Development Corporation - Building Authority - District Health Department
Date	Fiscal 1990 to present
Partner	Kenneth Talsma
Hours	640
Contact Name	Michelle Thompson, Treasurer
Phone Number	(231) 882-0553

Client Name	**Crawford County**
Service	Financial & Compliance Audit (County and Housing Commission)
Date	1996 to 2018
Partner	Kenneth A. Talsma
Hours	600
Contact Name	Joe Wakeley, Treasurer
Phone Number	(989) 348-2841

PHASE 3: YEAR-END PROCEDURES

Our year-end procedures include:

Performing the year-end audit fieldwork, including supporting various assets and liability account balances and analyzing appropriate revenue and expenditure accounts. Proposed audit adjustments would be determined during this phase and we would review with the appropriate personnel the validity of those proposed adjustments.

Electronic Data Processing would be used in working trial balance preparation and analytical review. Analytical review would involve examination of budget variances, prior and current period performance, and ratio analysis.

Partner	56 hours
Senior/Manager	50 hours
Staff	196 hours
	302 hours

PHASE 4: AUDIT FINALIZATION

This phase would involve:

The preparation of our reports on the audited financial statements and the related compliance reports utilizing governmental and word processing software.

Preparing our letter of comments and recommendations incorporating our interim and year-end observations and suggestions for improvements.

The delivery and presentation of all required reports to the County Commission.

Partner	16 hours
Senior/Manager	27 hours
Staff	20 hours
Clerical	26 hours
	89 hours

AUDIT APPROACH (Continued)

Phase 1 and 2 would be substantially completed at the preliminary field work stage. We would anticipate selecting sample sizes of 10-60 items using random number generation software. We also anticipate using Microsoft Excel and Word. We would anticipate updating our permanent files which contain narratives and flowcharts of the County's systems. We subscribe to and use Practitioners Publishing Company audit manuals and programs which we customize to our individual client's needs. These manuals, in conjunction with other technical publications such as the GAO "Yellow Book" and state audit bulletins, assist us in determining which laws and regulations that will be subject to audit test work. We are also familiar with "Civic Systems", "Fund Balance", "Accucomp", "S.D.S.", "Resource", "Manatron", "BS&A", "Munis", and other municipal software packages.

We feel by careful planning, our familiarization with governmental audits, and the utilization of a proper audit work schedule we will minimize the disruption to your operations. This would be an important goal throughout all of the phases above.

During the course of the fieldwork, we would perform our audits of the Federal Programs. The audit would be in accordance with the auditing requirements as outlined in our Understanding of Services to be Performed. Accordingly, we will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

PROPOSED STAFF HOURS

A total of 552 audit hours will be required to complete the basic audit engagement as detailed in the audit approach segment.

AUTHORIZED NEGOTIATOR

Kenneth A. Talsma, CPA, Principal is the authorized negotiator for the purposes of this proposal and is authorized to submit this proposal and bind Anderson, Tackman & Company, PLC, 16978 S. Riley Avenue, Kincheloe, Michigan 49788 – Phone 906-495-5952.

FIELDWORK AND TIMETABLE

To assure completion of the engagement in a timely manner, we propose the following timetable:

- Client prepared year end trial balances available by April 15th
- Fieldwork would begin in March or April and be completed by April 30th
- Draft report to be completed by May 15th
- Exit Conference and SAS 61 compliance meeting to take place within 15 days of last day of fieldwork
- Board presentation to the County of Otsego Commission/Audit Committee in June
- Final reports to be issued by May 31st

Note: The date of issue of the final report is dependent on the receipt of third party reports, confirmations and attorney's responses. Draft reports are issued within fifteen days of the completion of fieldwork for the primary governmental unit.

SAMPLE "PBC" LIST

We have included a sample "Prepared by Client" list for a sample county engagement to give you an idea of the type of information we will need to complete the engagement. A specific "PBC" list for the County of Otsego will be developed if we are awarded the audit contract.

SAMPLE COUNTY

ITEMS TO BE PROVIDED BY CLIENT

For the Year Ended December 31, 2019

In connection with the audit of your basic financial statements as of and for the year ended December 31, 2019, please provide Anderson, Tackman & Company, PLC with the following items.

1. List of cash balances by fund as of 12/31/19.
2. Reconciliation and, where applicable, lists of outstanding checks for the following accounts:
   a. Common checking.
   b. Payroll account.
   c. Other checking accounts.
   d. Money market accounts.
   e. Investments.
3. 2016 tax levy - Otsego County Board of Commissioners Apportionment Report.
4. List of cooperative reimbursement receivable as of year end.
5. Copy of the Otsego County - Settlement of 2018 Tax Collections Report.
6. Detailed lists of accounts receivable and other receivables for all funds of the County government as of 12/31/19.
7. Detailed list of prepaid expenses for each fund.
8. Schedules of tax collections and reconciliation's of tax collections to general ledger.
9. List of any commitments and contingencies or significant events occurring subsequent to 12/31/19.
10. Notification of irregularities or fraud committed by employees or officials of the County.
11. Notification of any federal grant awards.
12. List of any related party transactions.
13. List of accounts payable as of 12/31/19 by fund.
14. Copy of the 2019 budget (original and final amended) for all funds.
15. Payroll reconciliation of general ledger to quarterly 941 Reports.
16. Trial balances as of 12/31/19 for all funds of County government.
17. Detailed list of accounts payable and accrued wages as of 12/31/19 for each fund of the County Government.
18. Detailed accrued sick and vacation schedule by employee as of 12/31/19.
19. Copies of all board minutes from 1/1/19 to date.
20. Schedule of federal expenditures for the year ending 12/31/19.

21. Reconciliation of operating transfers for all funds as of 12/31/19.
22. Reconciliation of inter-fund loans for all funds as of 12/31/19.
23. Delinquent Taxes Receivable detail by year for all tax funds still open at 12/31/19.
24. Schedule of long-term debt payable showing beginning balances, additions, payments, and the ending balance for all debt issues.
25. Reconciliation of beginning fund balance for 2019 to the 2018 audit report.
26. General Ledger activity for all capital outlay accounts and repairs and maintenance accounts for the year ending 12/31/19.
27. Schedule of General fixed Assets showing beginning balances, additions, disposals, and ending balance for all fixed asset categories.
28. Schedule of Proprietary Fixed Assets showing beginning balances, additions, disposals, and ending balance for all fixed assets categories.
29. Copy of MERS actuarial plan for the fiscal year ending 12/31/18.
30. Schedule in accordance with GASB #54 fund equity as of 12/31/19.
31. Schedule of all reservations/designations of cash as of 12/31/19.
32. Listing showing the allocation of direct revenues, (e.g. charges for services and grants).
33. A determination of major funds.
34. Original and amended budgets for major funds.
35. Upon completion of the basic financial statements management will need to complete the MD&A section (a template can be provided).

AUDIT CLIENT LISTING

Governmental auditing and accounting is a significant portion of our practice and currently represents over 70% of our gross fees. To assist you in evaluating our qualifications, we have listed below clients for which we have provided audit services during the past three years. Should you desire to discuss any of the services performed or the qualifications of our firm, we would be pleased to have you contact any of our clients directly.

ANDERSON, TACKMAN & COMPANY, PLC

STATE OF MICHIGAN:			
*	Sault Ste. Marie Bridge Authority	Peter Petainen	(906) 635-5255
COUNTY AUDITS:			
*	Alcona County	Cheryl Franks	(989) 724-9420
*	Antrim County	Sherry Comben	(231) 533-8596
*	Benzie County	Michelle Thompson	(231) 882-0011
*	Chippewa County	James German	(906) 635-6308
	Delta County	Tom Sabor	(906) 789-5100
	Dickinson County	Nicole Frost	(906) 774-2573
*	Gladwin County	Laura Brandon-Maveal	(989) 426-7351
*	Hillsdale County	Stephenie Kyser	(516) 437-4700
	Iron County	Sue Cusch	(906) 875-3362
*	Luce County	Gary Moulton	(906) 293-5521
	Marquette County	Sue Vercoe	(906) 228-1570
	Menominee County	Brian Bousley	(906) 863-7779
*	Osceola County	Lori Leudeman	(231) 832-6196
	Schoolcraft County	Dan McKinney	(906) 341-3618
CITY ROAD COMMISSIONS:			
*	Alcona County	Jesse Campbell	(989) 736-6687
*	Antrim County	Dale Farrier	(989) 736-6687
	Alger County	Jim Gariepy	(906) 387-2042
*	Benzie County	Kathy Jordan	(231) 325-3051
*	Chippewa County	Brian Decker	(906) 635-5295
*	Emmet County	Brian Gatowski	(231) 347-8142
	Iron County	Darlene Anderson	(906) 875-6762
*	Isabella County	Jalene Sandel	(989) 773-7131
*	Luce County	Gary Moulton	(906) 293-8161
*	Mackinac County	Vicki Hough	(906) 643-7333
*	Mason County	Mary Samuels	(231) 757-2882
*	Montmorency County	Todd Behring	(989) 785-3334
*	Otsego County	Becky Jerry	(989) 732-5202

AUDIT CLIENT LISTING (Continued)

	CLIENT	CONTACT PERSON	TELEPHONE NUMBER
CITY AUDITS:			
*	City of East Jordan	Heather Jackson	(231) 536-3381
*	City of Frankfort	Kim Kidder	(231) 352-7116
	City of Gladstone	Darla Falcon	(906) 428-2311
*	City of Gladwin	Dave Haag	(989) 426-9231
*	City of Grayling	Lisa Johnson	(989) 348-2131
*	City of Harbor Springs	Nick Whitaker	(231) 526-2104
	City of Ishpeming	John Korhonen	(906) 485-1091
*	City of Mackinac Island	Rick Linn	(906) 847-6002
*	City of Manistee	Mitchell Deisch	(231) 723-2558
	City of Manistique	Sheila Aldrich	(906) 341-2290
	City of Marquette	Gary Simpson	(906) 228-0415
	City of Munising	Doug Bavin	(906) 387-2095
	City of Negaunee	Paul Waters	(906) 475-7400
*	City of St. Ignace	Les Therian	(906) 643-8545
*	City of Sault Ste. Marie	Kristin Collins	(906) 632-5726
TOWNSHIP AUDITS:			
	AuTrain	Mary Rogers	(906) 892-8265
	Bark River	Kenneth Viau	(906) 466-2281
*	Bois Blanc	Joan Shroka	(231) 634-7275
*	Brevort	Daniel J. Litzner	(906) 643-9914
	Champion	Berl LaPin	(906) 339-2920
*	Chippewa	Tami L. Beseau	(906) 274-5319
	Chocolay	Mary Sanders	(906) 249-1448
*	Clark	Katie Vaneenenaam-Carpenter	(906) 484-2672
	Duncan	Jane Wyatt	(906) 524-6966
	Garden		(906) 644-2447
*	Hendricks	Laurie Collier	(906) 595-7320
*	Hudson	Al Garavagalia	(906) 595-7202
	Humboldt	Barb Maki	(906) 339-2927
	Inwood		
	Ishpeming	Susan Jandron	(906) 485-5411
	Michigamme	John Olson	(906) 323-6608
	McMillan	Joe Villemure	(906) 293-8798
	Munising	Selina Balko	(906) 387-4404
	Onota	Nancy Bennett	(906) 343-6535
	Pentland	David Carlson	(906) 293-9936
*	Pickford	Jim Hill	(906) 647-3361
*	Pickford Township Sewer Authority	Steve Andrzejak	(906) 647-3361
*	Peaine	William Kohls	(231) 448-2389
*	Portage	Pat McGlonklin	(906) 586-9522
	Republic	Gary Johnson	(906) 376-8827
	Richmond	Teresa Luetzow	(906) 475-4180
*	Rudyard	Donna Hall	(906) 478-5401
*	St. Ignace	Sheri Oja	
*	Seney	Janice	(906) 293-5544
	Skandia	Marilyn Keto	(906) 942-7404
	Spur	Linda Legacy	(906) 323-6156
	Thompson		
	Tilden	Jason Brown	(906) 485-1029
	Village of Chatham	Paul Whitmarsh	(906) 439-5608

*Clients of our Kinross office

Division for CPA Firms

American Institute of Certified Public Accountants

Certificate of Membership

Anderson, Tackman & Company

is admitted to the Division for CPA firms and is entitled to all rights and privileges of membership.

Admission date: September 18, 1992

Jake L. Netterville

Chairman of the Board

WF

WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

System Review Report

December 8, 2016

To the Members of Anderson, Tackman & Company, PLC
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 Anderson, Tackman & Company, PLC (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.

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Anderson, Tackman & Company, PLC 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. Anderson, Tackman & Company, PLC 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.wfcpas.com
Bay City | Clare | Gladwin | West Branch

An Independently Owned Member
McGLADREY ALLIANCE | McGladrey

PROPOSER GUARANTEES

A. The proposer certifies it can and will provide and make available to the County of Otsego, at a minimum, all services set forth in the Understanding of Services to be Provided and the County of Otsego Request for Proposals.

Kenneth A. Talsma

Signature of Authorized Proposer Representative

KENNETH A. TALSMA, CPA
Name (typed)

PRINCIPAL - GOVERNMENTAL SERVICES
Title

ANDERSON, TACKMAN & COMPANY, PLC
Firm

December 26, 2019
Date

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to obtain and maintain an errors and omissions insurance policy providing a $2,000,000 of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

B. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Commission.

C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate to the best of its knowledge.

D. Proposer warrants that the financial statements and audit opinion will be acceptable to appropriate State or Federal agencies and if there are any problems, they will be corrected.

Kenneth A. Talsma

Signature of Proposer

KENNETH A. TALSMA, CPA
Name (typed)

PRINCIPAL - GOVERNMENTAL SERVICES
Title

ANDERSON, TACKMAN & COMPANY, PLC
Firm

December 26, 2019
Date

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 06/30/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	
GARCEAU INSURANCE AGENCY INC 81401420 823 LUDINGTON STREET ESCANABA MI 49829	PHONE (A/C, No, Ext): (866) 467-8730	FAX (A/C, No): (888) 443-6112
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC#
	INSURER A : Hartford Casualty Insurance Company	29424
INSURED ANDERSON, TACKMAN & CO. PLC 901 LUDINGTON ST ESCANABA MI 49829-3824	INSURER B : Hartford Fire Insurance Company	19682
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR [X] General Liability GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [X] LOC OTHER:			81 SBA KO1467	07/29/2019	07/29/2020	EACH OCCURRENCE	$2,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$500,000
							MED EXP (Any one person)	$10,000
							PERSONAL & ADV INJURY	$2,000,000
							GENERAL AGGREGATE	$4,000,000
							PRODUCTS - COMP/OP AGG	$4,000,000
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS			81 SBA KO1467	07/29/2019	07/29/2020	COMBINED SINGLE LIMIT (Ea accident)	$2,000,000
							BODILY INJURY (Per person)	
							BODILY INJURY (Per accident)	
							PROPERTY DAMAGE (Per accident)	
A	[X] UMBRELLA LIAB [X] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10,000			81 SBA KO1467	07/29/2019	07/29/2020	EACH OCCURRENCE	$1,000,000
							AGGREGATE	$1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		81 WBC JK2408	07/29/2019	07/29/2020	[ ] PER STATUTE [X] OTH-ER	
							E.L. EACH ACCIDENT	$500,000
							E.L. DISEASE - EA EMPLOYEE	$500,000
							E.L. DISEASE - POLICY LIMIT	$500,000
A	EMPLOYMENT PRACTICES LIABILITY			81 SBA KO1467	07/29/2019	07/29/2020	Each Claim Limit Aggregate Limit	$5,000 $5,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Those usual to the Insured's Operations.

CERTIFICATE HOLDER	CANCELLATION
ANDERSON, TACKMAN & CO. 901 LUDINGTON ST ESCANABA MI 49829	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Susan L. Castaneda

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/11/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Professional Concepts Insurance Agency, Inc.
1127 South Old US Highway 23
Brighton MI 48114-9861

CONTACT NAME: certs@pciaonline.com
PHONE (A/C, No. Ext): (800) 969-4041 FAX (A/C, No): (800) 969-4081
E-MAIL ADDRESS: certs@pciaonline.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Great Divide Insurance Company	
INSURER B: Travelers	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
Anderson, Tackman & Company
102 West Washington
Suite 109
Marquette MI 49855

COVERAGES **CERTIFICATE NUMBER:** 19-20 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	CLAIMS-MADE / OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	POLICY / PRO-JECT / LOC						PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Professional Liability			MIB201641-05	12/1/2019	12/1/2020	Per Claim / Aggregate	3,000,000
B	Cyber / EPLI			105710052	12/1/2019	12/1/2020	Cyber / EPLI	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

For Information Only

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Mike Cosgrove/JP

Michael Cosgrove

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ACORD 25 (2014/01)
INS025 (201401)

SCHEDULE OF PROFESSIONAL FEES
AND EXPENSES FOR THE AUDIT
OF THE DECEMBER 31, 2019
(with optional three subsequent fiscal years)
FINANCIAL STATEMENTS

County of Otsego, Michigan

Gaylord, Michigan 49735

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE DECEMBER 31, 2019
(with optional three subsequent fiscal years)
FINANCIAL STATEMENTS

County of Otsego, Michigan
Gaylord, Michigan 49735

By

ANDERSON, TACKMAN & COMPANY, PLC

16978 S. Riley Avenue

Kincheloe, Michigan 49788

(906) 495-5952

Contact Person

Kenneth A. Talsma, CPA

December 26, 2019

AUTHORIZED NEGOTIATOR

Kenneth A. Talsma, CPA, Principal is the authorized negotiator for the purposes of this proposal and is authorized to submit this proposal and bind Anderson, Tackman & Company, PLC, 16978 S. Riley Avenue, Kincheloe, Michigan 49788 – Phone (906) 495-5952.

MAXIMUM PRICE FOR THE 2019 ENGAGEMENT

$ 34,000

OTSEGO COUNTY AUDIT
PRICE AND COST ANALYSIS

As requested, we are providing the following Price and Cost Analysis for your information:

	Standard Rate	Total Hours	Fee
Manpower Costs:			
Principal	$ 135	90	$ 12,150
Senior/Manager	85	110	9,350
Staff	50	326	16,300
Clerical	40	26	1,040
Total maximum price for 2019		552	$ 38,840
Optional 2020 Proposed Fee			39,000
Optional 2021 Proposed Fee			39,000
Optional 2022 Proposed Fee			39,000
Total Four-Year Proposal			$ 155,840

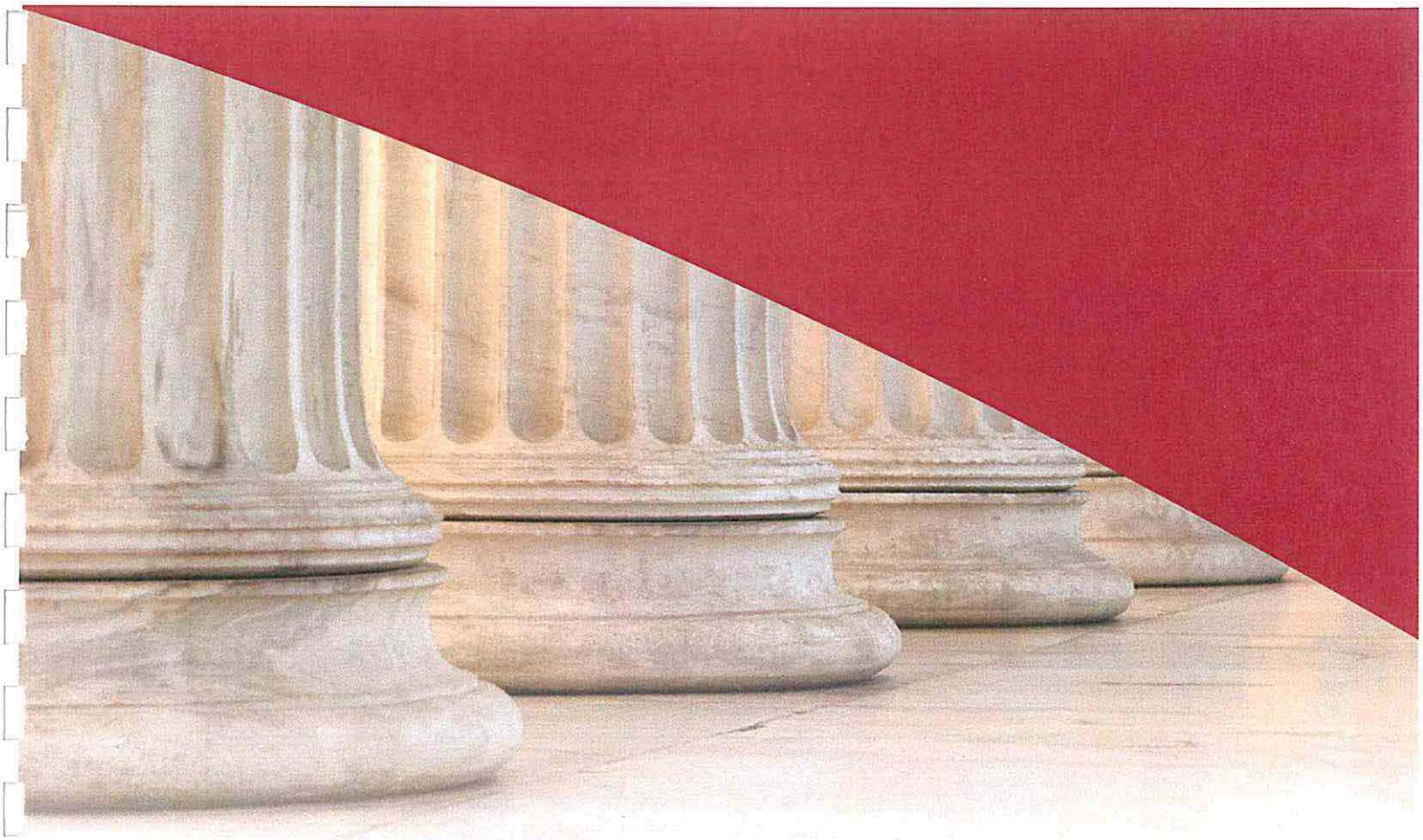
Out of pocket costs related to the audit will be the responsibility of Anderson, Tackman & Company, PLC.

If no Single Audit is required, the above fee will be reduced by $2,500 for the applicable year, if any.

Regarding the special considerations described in Section II E of the RFP, no additional fees will be assessed except for the maintenance of fixed asset and depreciation schedules.

Any other additional services requested will be billed at standard rates and actual costs with prior approval from the County of Otsego.

The proposed fees anticipate the cooperation of your staff in pulling documents and preparing correspondence at our request. They also anticipate providing the items in our "Items needed from Client Listing". If these procedures/items are not provided, additional fees may be charged. Additionally, the County is required to provide complete infrastructure and depreciation records, GASB 34 Accrual based entries and amount calculation, Management's Discussion and Analysis and a Schedule of Expenditures of Federal Awards.



A VIEW of Success

Proposal for Audit Services
Prepared Especially for:

Otsego County

Submitted by
Sarah J. Talbot, CPA

Delivered on
December 30, 2019

Prepared by:

AHP

217 N. Washington Street, Suite 201 | Owosso, MI 48867
989.723.8227 | www.ahpplc.com

AHP

December 26, 2019

Mel Maier
Otsego County Finance Director
225 West Main Street
Gaylord, MI 49735

Choosing an audit team is an important decision for you and Otsego County, but it doesn't need to be a complicated one. The team you select should have the ability to add value and advise your organization as your needs change. It should have integrity and an efficient and collaborative work ethic that shows a commitment to Otsego County's success based on a wealth of experience in the government industry. In other words, the team you select should be keeping you in their *view* and dedicated to demonstrating these qualities and providing services which will meet the needs of Otsego County today and into the future.

Based on our discussions with you and our knowledge of the industry, we have made the following observations:

- We understand that management is looking to have an audit and single audit, if applicable, performed on Otsego County financial statements. We understand the complexities of gathering information and preparing for this type of engagement and have developed a set of best practices that ensure that you receive an efficient and timely audit as our engagement team works alongside you and your staff.
- You are interested in working with a firm that can provide value to management that goes beyond the printed financial statements. We want to get to know you and collaborate on any issues or significant transactions as they occur, not just during the year-end engagement. We work closely with management to understand your needs and expectations to design our services to efficiently meet your goals. AHP is large enough to meet all of your accounting and consulting needs and small enough to offer personalized service.

We have taken these observations into consideration and have put together the attached proposal. We would be happy to speak with you in more detail about the information contained in this proposal. We look forward to working with you.

This proposal is a firm and irrevocable offer and will remain valid for a period of one month from the date of submission.

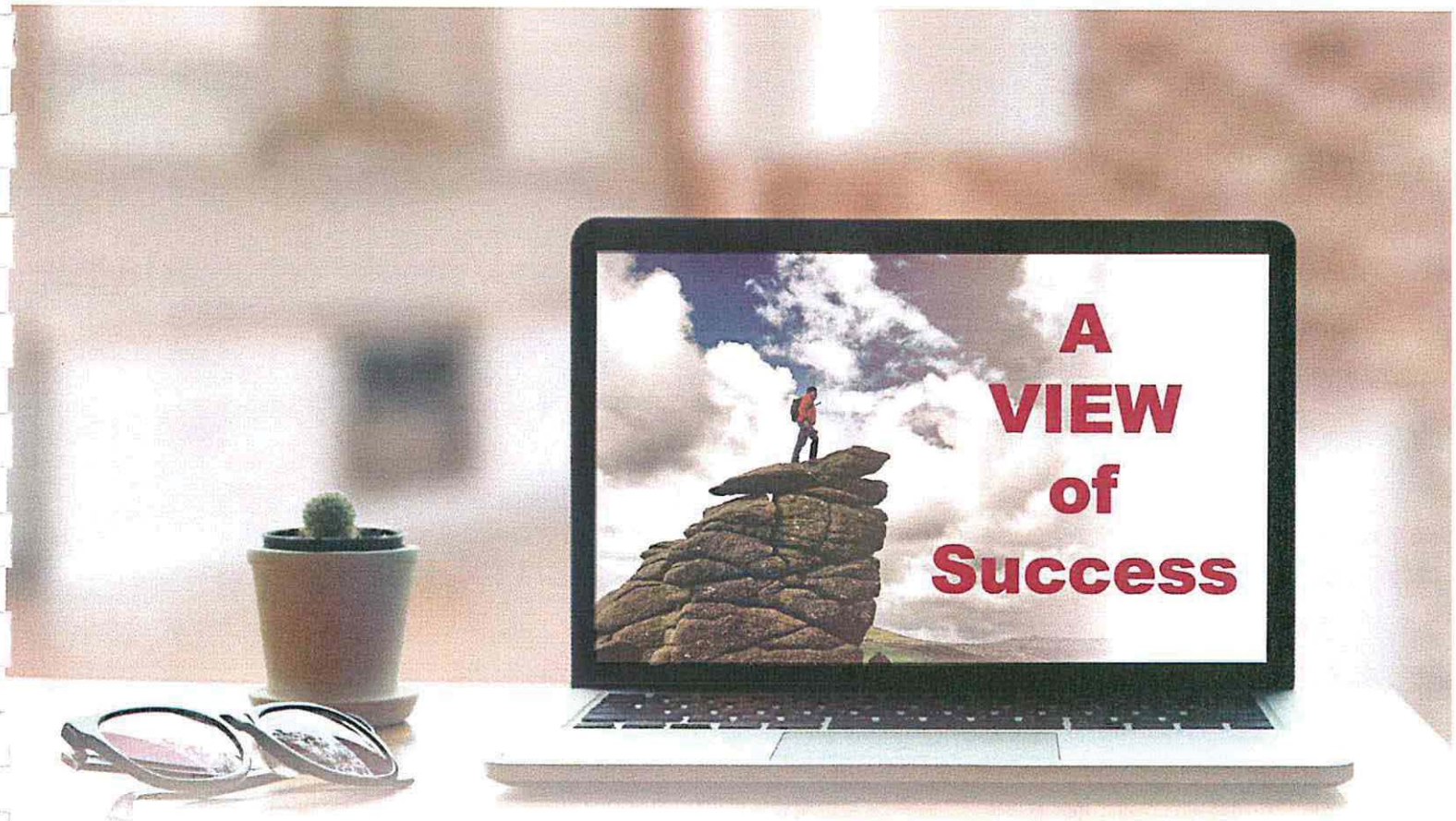
Very truly yours,

Andrews Hooper Pavlik PLC

AHP

Proposal Roadmap

AHP View	Page 1
Firm Overview	Page 2
Expertise and Experience	Page 4
Audit Approach	Page 8
Peer Review Report	Appendix A
Team Biographies	Appendix B
Proposer Guarantees and Warranties	Appendix C
Report Samples	Appendix D



As a client of AHP, you can trust that our interactions are guided by these four core principles:

Value
Quality services from a regional firm that bring value to our clients

Integrity
A high level of integrity to support the continued success of our clients and our firm

Efficiency
Efficiency in achieving cost-effective results for our clients and AHP

Wealth
Services that increase our clients' wealth of knowledge and financial resources

AHP

Firm Overview

AHP by the Numbers

1993 Built on a foundation of delivering excellence and value, Andrews Hooper Pavlik PLC was founded in 1993 by three partners from the Saginaw and Lansing offices of Ernst & Young. They set out to provide traditional accounting, audit, and tax services with accessibility at a local level. Our beginning as a Big Four firm, allows us to bring a level of technical and industry experience to our engagements that makes AHP stand out from other regional CPA firms.

Large enough to meet all of your accounting and consulting needs...

8 Our roots are in eight Michigan offices, but our geographic reach extends much further. We have clients throughout the midwest and beyond.

Ann Arbor
Auburn Hills
Bay City
Grand Rapids
Greater Lansing
Midland
Owosso
Saginaw

160+ With a team of over **160** professionals to provide a full suite of professional services....

#12 *AHP's current ranking on Crain's 2019 List of Largest Michigan Accounting Firms*

3 AHP's three affiliates have broadened our service offering and allowed us to transition beyond traditional certified public accounting services into a trusted advisor role.

AHP BENEFITS LLC

Assists clients with the design, implementation, and on-going support of an employee benefit plan that satisfies the unique needs of businesses and their employees.

AHP CONSULTING LLC

Offers a broad range of services to help business improve processes, manage risk, and promote growth. We also offer an extensive array of technology services that are designed to assist you in identifying and organizing your business' pertinent information, safeguarding it from unauthorized users, and regenerating it should a disaster occur.

AHP FINANCIAL SERVICES INC

As an Independent Registered Investment Advisor, AHPFS can provide a full portfolio of retirement planning and investment management services to assist you in planning for a secure future. With their innovative financial planning tools, clients are able to visualize their future with confidence.

...small enough to offer personalized service.

2018 Client Satisfaction Survey

3 When asked which three words they would choose to describe AHP, the top three answers, in order, were:

Professional
Responsive
Knowledgeable

97% of clients surveyed indicated they were likely to recommend AHP services to a friend, family member, or colleague.

"We have confidence AHP can handle any difficult situation that comes up. They always answer the call and come through for us."

- Matt Pumford
President & Owner
Pumford Construction

AHP

Firm Overview

AHP has a proven and successful track record of delivering high quality.

Independence

- AHP is independent of Otsego County (including all of its component units) as defined by the United States General Accounting Office's *Governmental Auditing Standards* and the AICPA.
- AHP has had no professional relationships involving Otsego County or any of its component units for the past five years.
- AHP will provide Otsego County written notice of any professional relationships entered into during the period of this agreement.

License to Practice, Membership, and Registration

AHP is registered to practice in the State of Michigan and is a member of the Michigan Association of Certified Public Accountants (MICPA) and American Institute of Certified Public Accountants' (AICPA). All key professional staff members are properly licensed to practice in the State of Michigan.

We are registered with the Public Companies Accounting Oversight Board (PCAOB). Industry specific memberships and registrations are listed in the Industry Experience section.

Peer Review

Our most recent peer review was completed in 2019, with the highest rating available, and is enclosed as Appendix A. Our peer review included governmental engagements. Our firm is appropriately covered by professional liability insurance.

Desk or Field Reviews and Disciplinary Action

- Because of the size of our governmental audit practice, our engagements are reviewed regularly by the Michigan Department of Education and the Auditor General of the State of Michigan. The results of these reviews have not resulted in any written comments.
- No members of AHP or AHP itself have had any disciplinary action taken or pending.
- AHP has no record of substandard work.

Debarment, Suspension, Ineligibility, and Voluntary Exclusion

AHP is in compliance with the provisions of 24 CFR Part 24 and neither the firm nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. Additionally, the firm will not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended, or ineligible under the provisions of 24 CFR Part 24.

Expertise and Experience

Your Audit Team

People make the difference in any professional relationship.

Otsego County will be served by our Owosso and Midland offices, but we will also leverage the skill sets and experience of professionals from across the firm for your benefit. Titles range from Principal to Staff. Firm wide, we have over forty professionals that work on government engagements. We anticipate a senior accountant and two staff accountants onsite during fieldwork in addition to those listed below. All proposed staff listed are full-time employees and we will not use any sub-contractors on this engagement. Full bios are listed in Appendix B.

Your engagement will be staffed by the following AHP professionals:

Duane Reyhl, CPA – Partner

Duane will serve as the **Engagement Executive** for Otsego County. He will be onsite at least one full day during fieldwork and will ensure you are receiving the highest quality service from your AHP service team, including appropriate engagement staffing and technical expertise, regular communications with your executive leadership, and a commitment to your satisfaction. Duane is a Michigan State University graduate with over 38 years of auditing and financial reporting experience.

Roger Hitchcock, CPA – Partner

Roger will serve as the **Independent Review Partner** for Otsego County. He will be independent of the planning and performance of the audit and will perform a review of the audited financial statements and critical items for compliance with professional standards. Roger will draw from his breadth of experience to perform a valuable technical review and help identify matters that are important to you. Roger is a Central Michigan University graduate with over 30 years of experience serving governmental entities, not-for-profit organizations, insurance companies, and closely-held businesses.

Sarah Talbot, CPA – Senior Manager

Sarah will serve as the **Engagement Senior Manager** for Otsego County. She will be onsite daily and draw from her extensive experience working with governmental organizations to provide oversight to the engagement team and to offer significant technical expertise throughout the engagement. Sarah will ensure seamless execution of audit services through effective and efficient use of team resources and regular communications with your financial executives. Sarah is a Central Michigan University graduate possessing over 12 years of public accounting experience and serves governmental entities, not-for-profit organizations, and for-profit entities.

Expertise and Experience

References

We focus on long-term relationships with our clients with the ultimate goal of benefiting you. As we get to know you and your operations better, we are better able to provide highly-tailored advice and recommendations.

The following is a sample of AHP audit clients served by those assigned to your engagement:

State of Michigan Unemployment Agency Partners: Jeff Fineis, Roger Hitchcock 2004 – present Financial and Compliance Audit – 2,800 hours	Ms. Maria Skonieczny, TFAS Accounting Manager 313.456.1633 skoniecznym1@michigan.gov
Arenac County Partners: Duane Reyhl 2015 – present Financial Audit – 300 hours	Mr. Dennis Stawowy, Treasurer 989.846.4106 dennis.stawowy@arenaccountygov.com
Clare County Transit Corporation Partner: Duane Reyhl Prior to 2000 – present Financial Audit – 120 hours	Tom Pirnstill, Executive Director 989.539.1474 director@clarecountytransit.org

Expertise and Experience

A Commitment to Your Industry

Our professionals stay up-to-date on issues or potential concerns that could affect Otsego County by attending specialized continuing education programs and meeting regularly to discuss issues relevant to your industry. This wealth of knowledge will be leveraged throughout your audit to ensure that you are getting up-to-date, accurate information. By staying ahead of trends in governmental accounting and auditing, as well as the latest in compliance and federal program auditing, we are able to ensure that your audits will be completed efficiently.

AHP's Education Policy

We have over 45 professionals that work on government audits and obtain the continuing professional education required under *Government Auditing Standards*.

It is the policy of our firm that all professional personnel comply with the continuing professional education requirements of the AICPA, the Michigan State Board of Accountancy, the U.S. Government Accountability Office and any other regulatory agencies where applicable; that all professional staff maintain an adequate awareness and understanding of current developments in technical literature; and, that all professional staff assist in the training and development of staff members under their supervision. The procedures listed below are followed to ensure compliance with this policy:

> *Mandatory Training for Professional Staff Members* – Our partners and staff spend an average of 60 hours per year in formal education. This represents 150% of the required amount.
>
> *Specialized Training* – Staff members receive specialized training, where appropriate, in matters affecting our municipal clients. The training programs are designed for each individual so as to ensure a proper balance in accounting and auditing experience and meet the requirements of *Government Auditing Standards*. Additional training is provided by industry-specific matters (e.g., implementation of recent GASB pronouncements).

In addition, we require all staff to attend our firm's annual year-end accounting and auditing update where we include government accounting and auditing topics.

Additional Resources

AHP is a member of the AICPA Center for Audit Quality, the Government Audit Quality Center, and the Employee Benefit Plan Audit Quality Center. Our professionals serve on various task forces of the Michigan Association of Certified Public Accountants (MICPA) and present accounting and auditing topics relevant to governmental entities to the MICPA and other professional organizations. Through these resources and direct communication with the standards boards, we remain aware of current and emerging issues. We review this information and communicate items that impact our clients. Other resources available to AHP include:

- Governmental Accounting Standards Series including the Action Report
- Government Finance Review published by GFOA
- GFOA Newsletter
- The Practitioners Publishing Company (PPC) Governmental Update
- Accounting and Financial Reporting for Governmental Entities published by PPC
- Michigan Uniform Budgeting Act
- Michigan Government Accounting & Auditing Guide

Expertise and Experience

Thought Leadership

AHP professionals have presented for the Michigan Association of CPAs (MICPA), including presentations at their annual governmental accounting and auditing conferences. Recent presentations at other MICPA conferences have covered emerging technologies, new auditing standards, audit documentation requirements, and changes in accounting standards.

In addition, we offer a Webinar Series that is free for our clients to attend. Previous webinars have covered the new changes in financial reporting and an update to the financial markets. Upcoming webinars include local government, cybersecurity, and tax topics. We continue to invest in thought leadership and presentations to ensure our clients are aware of emerging issues relevant to governmental organizations.

Allinial Global Member

AHP is a proud member of Allinial Global (AG), an association of over 100 accounting and consulting firms throughout the world. Our membership with AG allows us to reinforce client service by exchanging expertise, resources, and advice in a wide range of industries. Your access to expertise is extended through the extensive industry and service-specific knowledge base of our fellow Allinial Global firms.

Member of Allinial GLOBAL®

An association of legally independent firms

Audit Approach

Scope of Your Engagement

You are requesting a proposal for the fiscal year ending December 31, 2019, with the option of 2020, 2021, and 2022 for Otsego County including the following services:

- Financial audit, in accordance with *Generally Accepted Auditing Standards* and *Government Auditing Standards*
- Singe audit, if applicable, in accordance with *Government Auditing Standards* and *Uniform Guidance*
- Provide assistance with preparing the financial statements and SEFA

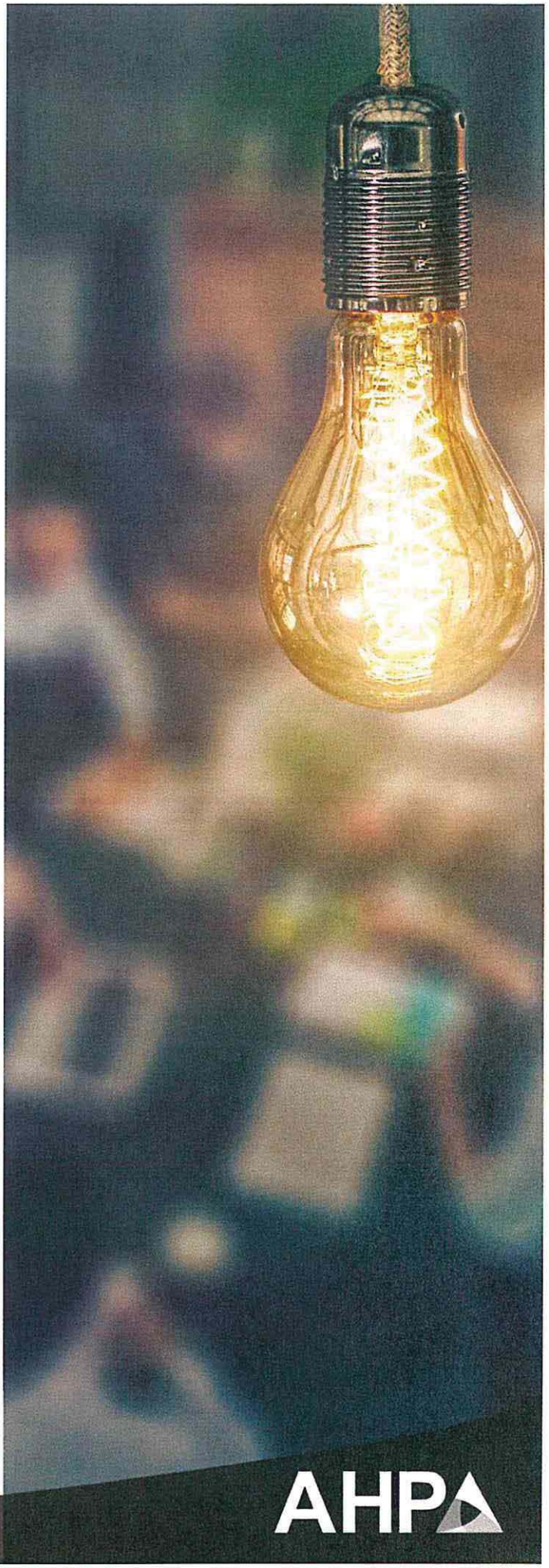
In addition, you will receive consultation services to Otsego County personnel throughout the year regarding matters or developments affecting accounting and financial reporting of governmental entities.

Financial Statement Audit Key Phases

Our professional responsibility is to obtain sufficient audit evidence before an opinion is rendered on any financial statements. To achieve this, we will conduct our work in the following phases:

- Pre-Engagement Planning
- Assess Internal Controls and Risks
- Audit Fieldwork
- Reporting and Conclusion

Details of these phases are listed on the following pages.



AHPA

Audit Approach

Financial Statement Audit Key Phases

Phase 1 (40 hours)

Pre-Engagement Planning

- Planning meeting with your personnel to discuss audit scope, process, and timing
- Review prior year audit results
- Obtain an understanding of the County's programs and activities
- Review County budget
- Review audit guidelines and state requirements regarding applicable laws and regulations and discuss with County officials
- Set up Suralink, a secure document exchange portal

Phase 2 (60 hours)

Assess Internal Controls and Risks

- Review of County organizational chart, manuals, and programs
- Obtain an understanding of internal controls over key transaction cycles, including information technology controls
- Perform walkthroughs of significant transaction classes
- Assess risks of material misstatements, including consideration of fraud risks and risks by audit assertion for each significant balance and transaction class

Phase 3 (150 hours)

Audit Fieldwork

- Design and perform specific audit procedures for your organization based on information obtained during Phase 1 and 2, focusing on areas of greatest risk
- Include testing of internal controls where effective and efficient to do so, in accordance with professional standards
- Utilize substantive analytical procedures and review of financial information and operating trends based on results from Phase 2
- Focus on an efficient process that minimizes disruptions to your staff

Phase 4 (100 hours)

Report and Conclusion

- Draft financial statements and agree to underlying audited records
- Draft other required reports, including those required for the Single Audit, if applicable, in accordance with Uniform Guidance
- Prepare a management letter detailing recommendations for strengthening internal controls or improving operating procedures
- Audit closing meeting to discuss audit results and review reports before final issuance
- Report to those charged with governance

AHP

Audit Approach

Timetable

The expected timing for the completion of the audit and overall work plan is outlined below. The ability to meet these deadlines is contingent upon receiving the levels of assistance from the Otsego County staff as indicated in your proposal request.

Planning	February/March
Fieldwork	April
Report Date (Draft Reports Completed)	By May 15
Completion of Audit Includes: final printed and bound reports (including single audit), presentation to Board, and electronic submission to State of Michigan	By May 31st

"AHP is a partner that meets and exceed our expectations every time."

Paul Barbeau, Director
Michigan Baseball Foundation

AHP

Audit Approach

Collaboration is the key to audit efficiency.

The Transition to AHP

We understand the thought of transitioning to a new firm can be intimidating, but we commit to doing our best to help make it an easy process!

Upon being awarded the audit, our first step is to coordinate the transition with your current auditor. We review their work papers, their communications with your organization, and address areas of continuing accounting and auditing significance. We leverage this information in developing our initial planned audit approach. Once the audit plan is developed and coordinated with Otsego County, the plan will be executed by the engagement team in accordance with the planned timelines listed in this section of the proposal.

The first year of an audit relationship will take more time on our part as we work to develop and refine our understanding of your systems and processes. **We do not bill extra for this time and instead view it as an investment in our relationship with Otsego County.** We view that this additional time spent understanding your systems is critical in ensuring the audit will go smoothly in future years.

Use of Otsego County Staff

As is consistent with most CPA firms, we assume that the Otsego County staff will reconcile and close the general ledger, locate documents selected by us for testing, investigate any questions or discrepancies that we have based on our testing, run reports from the general ledger system (or provide us access to your general ledger system to allow us to look up transactions and activity), among other functions. We will work with your staff throughout the audit to ensure a smooth and efficient audit.

Financial Statement Preparation and Trial Balance

When engaged to assist with the preparation of financial statements, we obtain trial balance information from our clients. We then input the amounts into our software. The trial balance can be exported to show original amounts, adjusting journal entries, and adjusted balances. These are typically sorted to agree to amounts in the financial statements. Financial statements are prepared using Microsoft Word and Excel. We utilize our audit software to insert links from the trial balance directly into the statements.

Quality Review Process

We ensure the quality of our service not only by guaranteeing involvement of partners and managers in every phase of the audit, but also through our policy of Executive and Independent Review on every significant engagement. The Executive Reviewer on your engagement will review every audit area, followed up with a review of the financial statements and sensitive audit areas by the Independent Reviewer. These reviews are preceded with detail review by the manager or senior manager, who will be on-site during fieldwork. Additionally, an independent person will review the financial statements for inconsistencies, typing errors, and proper footing.

Audit Approach

Use of Technology

Technology has rapidly changed the way we provide services to our clients. It allows us to work seamlessly with you throughout the engagement, increasing collaboration and efficiency.

At AHP, workpapers are always retained electronically on a secure server. This allows engagement executives and team members to access information on a real-time basis from multiple locations with no service disruptions. This also provides us with the ability to provide you with the best service team possible, regardless of location.

Anytime you are talking about transferring sensitive information, security is a question. AHP has systems and policies in place to ensure all of our clients' information is safe. Our team members take great pride and ownership in ensuring our clients' information always remains confidential and secure. We would be glad to discuss our internal controls and policies with you in greater detail if you would like more specific information.

Suralink

AHP provides clients access to Suralink, a document exchange portal that combines a file portal, request list, and workflow features. This dynamic collaboration tool creates and tracks each requested document and provides reporting regarding the status of each requested item. It virtually eliminates the need for "status meetings" where open items are reviewed.

Suralink, a browser-based system, provides a much more transparent and efficient way to request and receive information. It allows all of our requests to be in the same place, visible by everyone involved, and updated in real-time. Using the Suralink dashboard, you get real-time information on which requests have been fulfilled, accepted by the audit team, or have not been fulfilled. Using Suralink streamlines the audit document request and management process and creates more efficiency in the audit.

Value-Added Services

There are various services we will provide for Otsego County at no additional charge. These services include:

- year-round answers to miscellaneous accounting, business operations, or tax questions that may arise (we will discuss any fees associated with the service should the question warrant significant research)
- work papers and reports retained for a minimum of seven years
- periodic mailings of information on relevant and emerging issues
- discussions and evaluation of any potential impact that new and emerging issues will have on the County (fees related to resolution of the issues will be discussed in advance).

Appendix A

Peer Review Report

Kelley Galloway Smith Goolsby, PSC
Certified Public Accountants and Advisors
1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105
• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590
• Web www.kgsgcpa.com Member of Allinial GLOBAL

Report on the Firm's System of Quality Control

To the Members
Andrews Hooper Pavlik PLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Andrews Hooper Pavlik PLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 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. 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*, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and an examination of service organizations (SOC 1 engagements).

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 Andrews Hooper Pavlik PLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 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*. Andrews Hooper Pavlik PLC has received a peer review rating of *pass*.

Kelley Galloway Smith Gorsby, PSC

Ashland, Kentucky
June 20, 2019

Appendix B

Team Biographies

Duane M. Reyhl, CPA, CGMA®

Partner, Midland

Duane has 38 years of accounting, auditing, and consulting experience within a variety of industries including municipalities, other governmental entities, not-for-profit entities, and higher education. In addition to his CPA, Duane is a Chartered Global Management Accountant™ (CGMA®). He is also a member of the Michigan GFOA. He specializes in governmental and not-for-profit audit engagements as well as peer reviews for firms with those engagements.

Duane regularly presents audit and accounting topics for other professional organizations. One of his most recent presentations covered GASB Statement No. 87, *Leases*.

In 2018, Duane also performed subrecipient monitoring procedures for Midland County's Formula Grants for Rural Areas (Section 5311) program.

FULL PROFILE

Professional History:

Duane joined AHP as a senior manager in 1998 before becoming partner in 2014.

Education:

Duane graduated from Michigan State University with a Bachelor of Arts in Accounting.

Other Activities:

Duane is a member of the American Institute of Certified Public Accountants (AICPA), and the Michigan Association of Certified Public Accountants (MICPA). He is the current chair for MICPA Accounting & Auditing Conference Planning and a member and former chair of MICPA's Accounting & Auditing Standards. Duane is a member of several organizations such as ACFE, IIA, ISACA, and MICPA Peer Review. He is a past District Governor for Rotary District 6310, past president of the Rotary Club of Saginaw Sunrise, and he is the current board treasurer for St. Charles Community Schools.

Roger E. Hitchcock, CPA

Partner, Auburn Hills

Roger has over 38 years of auditing, accounting, and financial reporting experience. He serves clients in a wide variety of industries including higher education, insurance, agribusiness, manufacturing, governmental, not-for-profit, and employee benefit plans. Roger is involved in AHP's quality control initiatives and performs many independent reviews of financial statement engagements prior to issuance. He attends many industry specific conferences and events to remain current on technical matters.

FULL PROFILE

Professional History:

Roger began his career with Price Waterhouse in Battle Creek before joining Laine, Appold & Co. in 1983. In 2000 Laine, Appold & Co. merged with AHP. Roger earned his position as partner in 2002.

Education:

Roger served in the United States Air Force and was honorably discharged in 1977. He graduated from Central Michigan University with a Bachelor of Science in Business Administration.

Other Activities:

Roger is a member of the American Institute of Certified Public Accountants (AICPA), and the Michigan Association of Certified Public Accountants (MIPCA). He is the firm's designated partner for the AICPA Government Audit and Quality Center and has served on subcommittees for the MICPA. Roger is also a member of the Auburn Hills Chamber of Commerce, the Rochester Regional Chamber of Commerce, and the Rochester Rotary.

Sarah Talbot, CPA

Senior Manager

Sarah has 15 years of accounting experience and is a Certified Public Accountant (CPA). She provides accounting, audit, review, and compilation services to local government, not-for-profits, and nonpublic companies. Sarah has worked on numerous audit engagements including local governments with populations over 100,000, component units of larger governments, and entities with multiple federal awards. Sarah is involved with staff educational training and is a member of AHP's audit committee. She leads the biannual internal government trainings. Sarah is in the process of becoming a Certified Government Financial Manager (CGFM).

FULL PROFILE

Professional History:

Sarah began her career with Plante Moran in Flint before joining Demis & Wenzlick CPAs in 2012. She joined the Andrews Hooper Pavlik team in 2015 as a senior manager when Demis & Wenzlick CPAs was integrated into AHP.

Education:

Sarah graduated Cum Laude from Central Michigan University with a Bachelor of Science in Business Administration (Accounting).

Other Activities:

Sarah is a member of the American Institute of Certified Public Accountants (AICPA) and the Michigan Association of Certified Public Accountants (MICPA). She is a member of the Association of Government Accountants (AGA) and the Michigan Government Finance Officers Association (MGFOA), and she regularly attends the MICPA governmental conference. Sarah is a member of the Rotary Club of Owosso. She is also an ambassador for the Shiawassee Regional Chamber of Commerce, and she serves on the finance committee of the Owosso Community Players.

Appendix C

Proposer Guarantees and Warranties

APPENDIX B

PROPOSER GUARANTEES

I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: Roger E. Hitchcock

Name (typed): Roger Hitchcock

Title: Partner

Firm: Andrews Hooper Pavlik PLC

Date: December 26, 2019

APPENDIX C

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of Michigan laws and licensing requirements.

B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a minimum of $1,000,000 coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the COUNTY OF OTSEGO.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: Roger E. Hitchcock

Name (typed): Roger Hitchcock

Title: Partner

Firm: Andrews Hooper Pavlik PLC

Date: December 26, 2019

Appendix D

Report Samples

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
5915 EASTMAN AVENUE | SUITE 100 | MIDLAND, MI 48640
p: 989.835.7721 | f: 989.835.1551 | www.ahpplc.com

Report of Independent Auditors

To the Board
XXXX, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the , as of and for the year ended , and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the which represents 89% of the assets, and 96% of the revenues of the aggregate discretely presented component units of the Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Michigan, as of , and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and employer contributions, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements, component unit fund financial statements, ı component unit fund financial statements, and the component unit fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining nonmajor fund financial statements, component unit fund financial statements, component unit fund financial statements, and the component unit fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Office
Date

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
691 N. SQUIRREL ROAD | SUITE 280 | AUBURN HILLS, MI 48326
p: 248.340.6050 | f: 248.340.6104 | www.ahpplc.com

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Client

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the

as of and for the year ended and the related notes to the financial statements, and have issued our report thereon dated

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
691 N. SQUIRREL ROAD | SUITE 280 | AUBURN HILLS, MI 48326
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Client

Report on Compliance for Each Major Federal Program

We have audited the compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the major federal program for the year ended The major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the compliance.

Opinion on Each Major Federal Program

In our opinion, the complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item . Our opinion on the major federal program is not modified with respect to this matter.

The response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan and the views of responsible officials section of the schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item that we consider to be significant deficiencies.

The response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan and the views of responsible officials section of the schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the as of and for the year ended and the related notes to the financial statements. We issued our report thereon dated which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Office
Date

Andrews Hooper Pavlik PLC

Price Proposal: RFP 2019-11

We believe our fees should be fair to both our clients and our firm. We establish our fees based on our estimate of time spent and the complexity of work to be performed. The following is a breakdown of our estimated fees for the services discussed:

	Financial Audit	Out-of-Pocket Expenses	Total All-Inclusive Fee	*Single Audit
2019	$ 29,900	$ 5,000	**$ 34,900**	$ 3,500
2020	30,800	5,000	**35,800**	3,500
2021	31,700	5,000	**36,700**	3,500
2022	32,600	5,000	**37,600**	3,500
	$ 125,000	$ 20,000	**$ 145,000**	$ 14,000

*Assuming one major program

Fees include assistance with preparation of financial reports. Any additional services provided beyond those listed above will be discussed and approved by Otsego County prior to beginning the services. Hourly rates for expansion of scope or additional accounting assistance are as follows:

Staff	$ 100	Manager	$ 150
Senior Accountant	$ 120	Audit Partner/Senior Manager	$ 200

These rates have been discounted to reflect services to a governmental entity.

I certify I am entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the County of Otsego.

Representative's Name: Roger Hitchcock

Title: Partner

Date: December 26, 2019

Signature: Roger E. Hitchcock

APPENDIX D

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	20	240	200	4,000
Managers	80	180	150	12,000
Supervisory staff	80	150	120	9,600
Staff	160	120	100	16,000
Other (Admin):	10	50	50	500
Subtotal	350			42,100
Total for services Described in Section II E of the RFP (Detail on subsequent pages)	Billed at quoted hourly rates			

Other (specify): discount (7,200)

Total all-inclusive maximum price for 2019 audit: 34,900 - not including single audit

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price

A PROPOSAL FOR FINANCIAL AUDIT SERVICES

For the Years Ending December 31, 2019 - 2022

OTSEGO COUNTY

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 | 616.538.7100 ext. 17
JVerlin@Gabridgeco.com

December 26, 2019

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Audit Scope

Gabridge & Company, PLC will audit and provide an opinion on Otsego County's (the "County") basic financial statements, including the governmental activities, the business-type activities, the aggregate discretely presented component units, 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 County:

- 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 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.

- Management letter, covering internal control and recommendations.

All final copies of the County financial statement audit and related reports will be provided to the County 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 Qualifying Statement upon County request, at no additional charge. Lastly, a .pdf of the audit will be forwarded to the County.

Authorized Contact

Joe Verlin, CPA, CGFM
Principal in Charge - Audit Services
3940 Peninsular Drive SE – Suite 130
Grand Rapids, MI 49546
Ph | 616.538.7100 ext. 17

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

Proposed Audit Fees

Proposed audit fees were submitted in the sealed dollar cost bid envelope.

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 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 (***primarily from our Traverse City office***) to the audit of the County, 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 County 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.

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, and 87
- Single Audit and Yellow Book Updates
- 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 twenty 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

Neil will serve as the independent reviewer for this engagement. The independent review will be conducted in accordance with the guidelines of the AICPA Statements of Quality Control Standards. Neil currently serves as audit manager or independent reviewer for a significant number of other local units of government.

Andrew Wilcoxen, 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

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

Kevyn Kozumplik, CPA

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

Education

Bachelor of Science in Public Accountancy
Central Michigan 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

- Six 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 County. 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 County 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 County 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 County, as defined by the aforementioned standards. Gabridge & Company has had no professional relationships involving the County 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 County written notice of any professional relationship entered into with the County, 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:

County of Allegan
Scope of Work – December 31, 2018 Governmental Financial Audit and Single Audit
640 Engagement Hours
Principal in Charge – Joe Verlin
Contact – Lorna Nenciarini, Finance Director
Phone – 269.673.0536

County of Manistee
Scope of Work – Governmental Financial Audit and Single Audit
400 Engagement Hours
Principal in Charge – Joe Verlin
Contact – David Kieft, County Controller/Administrator
Phone – 231.398.3504

County of Oceana
Scope of Work – Governmental Financial Audit and Single Audit
420 Engagement Hours
Principal in Charge – Joe Verlin
Contact – Robert Sobie, County Administrator
Phone – 231.873.4835 ext. 6702

County of Montcalm
Scope of Work – Governmental Financial Audit and Single Audit
350 Engagement Hours
Principal in Charge – Joe Verlin
Contact – Bob Clingenpeel, County Administrator
Phone – 989.831.7398

County of Calhoun
Scope of Work – December 31, 2018 Governmental Financial Audit, Single Audit, and GFOA Submission (County is no longer an active client, maintained positive relationship for all five years engaged, still serve as auditor for related organizations)
1,000 Engagement Hours
Principal in Charge – Joe Verlin
Contact – Kelli Scott, County Administrator / Controller
Phone – 269.781.0966

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 Elk Rapids
Village of Fife Lake
Village of Honor
Village of Kalkaska
Village of Lyons
Village of Morrice
Village of Muir
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 Croton
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 Hopkins
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
Association of Legal Writing Directors
Big Brother Big Sister
Choices of Manistee County
Community Action of Allegan County
Dispute Resolution Education Resources
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 Big Rapids
City of Boyne City
City of Cadillac
City of Cheboygan
City of Fennville
City of Flushing
City of Greenville
City of Laingsburg
City of Marshall
City of New Baltimore
City of New Buffalo
City of Parchment
City of Potterville
City of St. Johns
City of Wayland
City of White Cloud

Counties
Alger County
Allegan County
Calhoun County
Gogebic County
Luce County
Manistee County
Missaukee County
Montcalm County
Oceana County
St. Joseph 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 East Bay
Charter Township of Gun Plain
Charter Township of Marquette
Charter Township of Muskegon
Charter Township of Niles

Libraries
Brandon Township Public 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 Co-op
Manistee County Library
Marshall District Library
Newaygo Area District Library
Otsego District Library
Parchment Community Library
Suburban Library Cooperative
Watervliet District Library

Other
Bear Lake Improvement Board
Calhoun County Cons. Dispatch Authority
Cass County Transit Authority
Central Cass Interlocal Fire Department
City of Potterville TIFA
Dowagiac Local Revenue Sharing Board
Fennville Area Fire Department
Fife Lake Area Utility Authority
Firekeepers Local Revenue Sharing Board
Jordan Valley Emergency Med. Svcs. Auth.
Kent County Conservation District
Lake Leelanau Lake Association
Ludington Mass Transit Authority
Manistee 9-1-1 Authority
Manistee-Blacker Airport
Mason-Oceana 9-1-1
Match-E-Be-Nash-She-Wish Rev. Shg. Board
Miami University Men's Rugby Association
Mid-Michigan Area Cable Comm. Consortium
North Berrien Fire Rescue Board
Oceana County Medical Care Facility
Portland Area Fire Authority
Solon-Centerville Fire Department
Straits Regional Ride
St. Joseph County Transportation Authority
Washtenaw County Conservation District
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 County'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.

Approach to Reporting

Our firm uploads electronic trial balances from our clients into our government-accounting specific trial balance software for reporting. Line items from the trial balance are then grouped by classification in accordance with the Michigan Department of Treasury's chart of accounts manual.

Proposed adjusting journal entries are posted to the working trial balance and then printed for review and acceptance by our clients. Upon acceptance of the proposed audit adjustments, financial statements are then exported from our software and inserted into the draft audit report.

Audit Timelines

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:

Description	Date
Detailed Audit Plan	December
Fieldwork	March / April
Draft Report	May
Final Report	June
Commission Presentation	June

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 County 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 County 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.

APPENDIX B

PROPOSER GUARANTEES

I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official:

Name (typed): Joe Verlin, CPA, CGFM

Title: Principal

Firm: Gabridge & Company, PLC

Date: December 26, 2019

APPENDIX C

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of Michigan laws and licensing requirements.

B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a minimum of $1,000,000 coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the COUNTY OF OTSEGO.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed): Joe Verlin, CPA, CGFM

Title: Principal

Firm: Gabridge & Company, PLC

Date: December 26, 2019

RINGO
& ASSOCIATES, P.C.
Certified Public Accountants

340 N. Main Street
Suite 209
Plymouth, MI 48170

734.414.7620
ringocpa@ringocpas.com
www.ringocpas.com

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. 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 & Assoc. PC

Ringo & Associates, PC

AICPA
EBPAQC Member

AICPA
GAQC Member

APPENDIX D

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	40	$150	$120	$4,800
Managers	96	$125	$100	$9,600
Supervisory staff	n/a			
Staff	304	$90	$72	$21,888
Other (specify):	~~n/a~~			
Subtotal	440			$36,288
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				

Other (specify): n/a

Total all-inclusive maximum price for 2019 audit $36,288, includes assistance with F-65 and implementation of GASB No. 84.

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price

OTSEGO COUNTY
Proposed Audit Fees

For the Period Ending December 31, 2019

PRELIMINARY	Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	Fee
Partner in charge	8	-	-	8	$ 150	$ 1,200
Senior Staff	24	-	-	24	90	2,160
Total	32	-	-	32		$ 3,360

FINAL	Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	* Fee
Partner in charge	-	16	16	32	$ 150	$ 4,800
Audit Manager	-	80	16	96	125	12,000
Senior Staff	-	240	40	280	90	25,200
Total	-	336	72	408		$ 42,000
DISCOUNT (20%)						**$ (9,072)**
TOTALS	**32**	**336**	**72**	**440**		**$ 36,288**

Year Ending December 31, 2019	$ 36,288	- Not to exceed
Year Ending December 31, 2020	$ 36,290	- Not to exceed (optional)
Year Ending December 31, 2021	$ 36,290	- Not to exceed (optional)
Year Ending December 31, 2022	$ 36,290	- Not to exceed (optional)

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Proposal for Professional Audit Services

Otsego COUNTY MICHIGAN
ESTABLISHED 1875

Years Ending December 31, 2019 through 2022

Submitted by:

Maner Costerisan
2425 E. Grand River Ave, Suite 1
Lansing, MI 48912

Contact Person:
Aaron M. Stevens, CPA
Principal
(517) 886-9594
Email: astevens@manercpa.com

Date Submitted: December 30, 2019
Effective for 60 Days After Opening

Aaron M. Stevens, CPA, Principal, is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with Otsego County.

Aaron M. Stevens

Aaron M. Stevens, CPA
Principal
Maner Costerisan

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Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
2425 E. Grand River Ave.
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Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

December 30, 2019

Otsego County
225 West Main Street
Gaylord, MI 49735

Dear Ladies/Gentlemen:

We are very excited about the opportunity to provide you with a proposal for professional auditing services for Otsego County for the fiscal years ending December 31, 2019 through 2022. Our services will include a financial audit of the County's financial statements. Our firm will provide timely audit services and a "big picture" report to County Commission, reviewing operations, audit conclusions, and recommendations.

We understand the audit(s) will be performed in accordance with generally accepted auditing standards (GAAS) as contained in the Statement on Auditing Standards of AICPA, and to the extent applicable, *Government Auditing Standards,* and the Uniform Guidance. We will plan our audit(s) assuming the County's financial statements will be prepared in accordance with U.S. generally accepted accounting principles and the Michigan Department of Treasury's Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan. We will meet the time frames outlined in the proposal, assuming the County provides the required trial balances and schedules by the necessary dates.

Why We Believe We Are the Best Qualified -

- The engagement principal assigned to your audit has more than 20 years of experience in governmental auditing and accounting, including extensive experience with GASB standards.

- Maner Costerisan's experience includes auditing more than 250 governmental entities including cities, villages, counties, townships, school districts, libraries, health departments, road commissions, other local authorities and agencies, and various departments of the State of Michigan.

- One of our governmental principals currently serves, and the engagement principal assigned to your audit previously served, on the Michigan Committee on Governmental Accounting and Auditing. This committee provides guidance that local units of government may use in complying with accounting and auditing requirements in the State of Michigan. As a result, a considerable amount of time is spent working with representatives of the State Treasury Department, Municipal Finance Commission, and the Department of Transportation.

- Our firm is a member of the Governmental Audit Quality Center (GAQC), established by the American Institute of CPA's (AICPA).

Aaron M. Stevens, CPA and Steven R. Kirinovic, CPA, both principals, are authorized to make representations for the firm and to bind the firm to a contract with Otsego County for the services described above.

We understand the importance of conducting an engagement in a manner that will cause the least disruption to your office. All of our efforts are directed toward achieving the completion of these projects with the highest degree of quality. We have included our most recent peer review report, Appendix B. We again received a "*pass*" report.

The accompanying proposal is a firm and irrevocable offer for a period of 60 days to perform the audit of Otsego County's financial statements for the fiscal years 2019 through 2022. We pride ourselves on completing our audits in a timely fashion and will perform the County's audits within applicable deadlines. Our proposal is a written expression of our plan of services and qualifications, but it cannot completely convey the enthusiasm with which Maner Costerisan approaches this opportunity.

Sincerely,

Aaron M. Stevens

Aaron M. Stevens, CPA
Principal

Independence

Maner Costerisan is independent with regard to Otsego County (the County). We meet all the independence requirements of Generally Accepted Auditing Standards and *Government Auditing Standards* in relation to Otsego County and its component units.

We affirm that we will follow the AICPA Interpretations of 501-3.

We have not had any previous professional relationships involving the County or its component units for the past five years and therefore a conflict of interest does not exist. The firm will give the County written notice of any professional relationships entered into during the period of this agreement which would impact the independence of, or relationship with, Otsego County.

Michigan License Statement

Maner Costerisan is Michigan-based and appropriately licensed. All of the firm's CPAs are licensed to practice public accounting in Michigan and meet or exceed requirements of the Michigan State Board of Accountancy for continuing education. Those who perform Yellow Book and Uniform Guidance audits meet all related continuing education requirements set forth by the Government Accountability Office.

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING

N162518

CPA FIRM LICENSE

MANER-COSTERISAN & ELLIS PC

LICENSE NO.	EXPIRATION DATE	AUDIT NO	
1102000737	12/31/2019	3298625	THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN

Firm Qualifications and Experience

Overview of Firm

Maner Costerisan was founded in the early 1900s. Since that time, we have grown into the largest local accounting firm in mid-Michigan and we are recognized as a leader in conducting traditional and non-traditional services in the region. The immediate access to our experts and engagement team results in increased efficiencies and faster completion times for our engagements. In addition, our affiliation with BDO Alliance USA provides us easy access to additional professional and technical resources.

The firm consists of more than 140 individuals, including 25 shareholders (principals), and more than sixty professionals providing audit services to governmental entities. Most staff join our firm immediately after college through a very selective recruitment program. Our professional staff is highly trained to provide services to governmental and nonprofit organizations and related entities in areas of accounting, taxation, and consulting. Professional training is maintained by staff members through participation in and presentation of educational programs conducted both in-house by our firm and sponsored by national, state, and local professional societies and associations.

Our firm participates in the AICPA Peer Review Program of the National Peer Review Committee (NPRC). We have received a "pass" peer review during every review since the inception of the program, including the most recent review in June 2017. Our Peer Review included a review of specific governmental engagements. We have received approval as a registered firm under the Public Company Accounting Oversight Board (PCAOB) and are a charter member of the AICPA Government Audit Quality Center. Please refer to Appendix B for our most recent peer review letter.

We have specific governmental experience and have served as the audit firm for local governments for 30 years. This experience was enhanced when Stevens, Kirinovic & Tucker, P.C. (SKT) merged with Maner Costerisan on January 1, 2019. SKT specialized in governmental and nonprofit audit and accounting engagements throughout the State of Michigan, serving more than 180 governmental entities. The importance of the institutional knowledge we have gained over the years cannot be overemphasized. We have a long history of working with organizations like yours and believe we are the best firm to service your needs. Our clients have come to expect diversity of services and personal attention, our strength stems from a highly professional and dynamic staff.

The audit of Otsego County's financial statements will be performed by full-time professionals from our Lansing office. We are proposing a team consisting of two principals, one senior manager, one manager, and two associates.

Firm Qualifications and Experience (continued)

Overview of Firm (continued)

Our clients have shown us that they want the resources of a large accounting organization, yet prefer to maintain the close, personal interaction only possible with an independent CPA firm. To expand our services, Maner Costerisan participates in BDO Alliance USA. As an independent member of BDO Alliance USA, Maner Costerisan has access to tools that help us better serve our clients with greater flexibility, efficiency and cost effectiveness.

The BDO Alliance USA is a nationwide association of independently owned local and regional accounting, consulting, and service firms with similar client service goals. Due to this alliance, we are able to offer you the proximity and personal touch you expect from your trusted business advisors combined with the broad resources of the Alliance. Members of the Alliance invest in long-term, value-driven relationships and are committed to providing the highest level of independent, personalized service in the industry. Our combination of industry experience and personal service allows us to deliver services quickly and to assist you in achieving your business goals.

Because of our participation in BDO Alliance USA, Maner Costerisan has access to, among other things, the following:

- Top specialists with experience in a wide range of industries, functional skill and technical issues.
- Greater domestic geographic coverage.
- Customized, state-of-the-art computer systems and internal training programs.
- National tax liaison services with federal, state and local regulatory agencies.
- The latest pronouncements and opinions of tax, accounting and regulatory bodies.

Members of BDO Alliance USA must undergo a rigorous screening process and are evaluated on professional standards - including a periodic peer review under the auspices of the American Institute of Certified Public Accountants. Maner Costerisan's participation in the Alliance is further assurance that our firm can provide the level of service and resources required to serve effectively and efficiently. We will help you develop solutions that work.

AN INDEPENDENT MEMBER OF
BDO
ALLIANCE USA

Firm Qualifications and Experience (continued)

Desk or Field Reviews

All of our Single Audits have been subjected to desk reviews by Federal and State agencies and we have always received acceptable results on these reviews. We have also received acceptable results on all Federal or State field reviews on our Single Audits. No disciplinary action has been taken or is pending against our firm during the past three years with state regulatory bodies or professional organizations. Our governmental principals have extensive experience with the Single Audit, which assures that audit coverage and reporting requirements are met.

Single Audits

The "Single Audit" is required to be performed for governmental units that expend $750,000 or more in federal financial assistance in a fiscal year. This type of audit covers compliance with grant regulations and contract provisions, along with financial areas.

We have attained extensive experience with governmental units related to grant funded programs, either by performing Single Audits or providing monitoring and technical assistance services. We have performed Single Audits for numerous governmental units and nonprofit organizations, and currently perform more than fifty Single Audits annually. All team members assigned to the County's engagement have experience auditing federal programs. This experience would prove beneficial to Otsego County in assisting in applying for and auditing of grants.

Total Client Service

Throughout our history, the guiding principles of our firm have been integrity and to provide *total client service.* To us, this means creatively advising and serving the needs of our clients on a timely basis. The vision of the Maner Costerisan Governmental Niche is "to be a leading contributor to the public sector, providing top quality audit, financial and operations services."

A primary factor that differentiates our firm from larger regional accounting firms is the number of governmental entities that our Governmental Niche principals have served for years. This is our focus - not a sideline or "filler work." Given the large number of municipalities we serve, we have relevant experience and insights that we can share with Otsego County. We understand governments like yours and have assembled a strong governmental team to meet your needs - now and in the future. The governmental industry is important to us and we work hard to maintain our leadership in the governmental industry.

This is advantageous to you in several ways:

1. Because our focus is on small to medium-sized governments, you would be very important client to us, and we would allocate our resources accordingly. You would receive the individual attention of a *"team"* of experienced professionals led by an experienced principal.

2. We understand and are concerned about the current financial conditions of many local governments in the State of Michigan. We are concerned about the success of our clients.

3. We are easily accessible and able to respond promptly and effectively to your needs. When you need assistance, you are just a phone call or a short trip away from resources who know you and are familiar with your operations.

Firm Qualifications and Experience (continued)

Total Client Service (continued)

The following graphic illustrates the process by which we provide the highest quality audits. Level I represents the policies and the procedures we follow as a member of the AICPA. Most firms will have a similar set of policies and procedures. We believe Levels II and III allow Maner Costerisan to provide quality audits at a level above our peers.

Standard policies and procedures
(where many firms stop)

Our higher level of quality

Level I

- External peer reviews
- Firm policies on consultation
- Identification of high risk clients
- Independent concurring partner reviews
- Firm policies on resolving differences of opinion

Level II

- Significant principal/ manager involvement
- Our auditors deep understanding of compliance issues
- Training courses specific to GASB standards, local governments

Level III

- Audit team members focused on cities, villages, and other local government institutions
- Industry sub-specialization
- Membership in AICPA's Governmental Audit Quality Center

Our goal is to become an integral part of your success by becoming intimately familiar with all aspects of your operations, not just the information needed for the audit at year-end. This familiarity, gained through frequent contacts throughout the year, will allow us to respond to problems and offer input beyond the audit itself in a framework like this, the audit becomes another information gathering phase that enables us to better advise you in other areas.

Otsego County would be a significant client to our firm. We will provide you with a highly qualified team of experienced professionals to serve your organization. Beyond that, however, is our personal interest in your organization and our desire to help you achieve your financial goals. *We are striving for the same goal -- your success.*

Partner, Supervisory, and Team Qualifications and Experience

Your Audit Team

Choosing the right professionals to serve you is a critical element of success. In selecting your service team, we reviewed carefully our understanding of your needs, as well as your plans, and identified the people whose credentials are ideal for you. The individuals we have selected have a demonstrated track record with governmental clients, strong technical backgrounds, and outstanding leadership and communication skills.

Client service and satisfaction are among our prime considerations. One of the most important services we provide our clients is monitoring their needs on a continual basis. This begins at the staff level and progresses all the way to the shareholder-in-charge of your account. We believe it is important that our clients have several resources to help them rather than just one. We have found this type of teamwork facilitates the identification of issues in advance and enables us to plan for them accordingly.

We currently have over 140 full time staff members including 75 full time audit staff members and 24 full time tax staff members located in our Lansing office. The key professionals you will work with are indicated in the chart below.

	Member (*)	Relevant Experience	Position
Aaron M. Stevens, CPA	1,2,3	25 years	Engagement Principal
Steven R. Kirinovic, CPA	1,2,3	28 years	Independent Review Principal
Jordan E. Smith, CPA	2,3	12 years	Senior Manager
Kyle J. Smith, CPA	2,3	5 years	Manager

(*) 1) Member of Michigan GFOA 2) American Institute of CPAs 3) Michigan Association of CPAs

The audit team assigned to your engagement has <u>significant experience in governmental accounting and auditing and provides services to governmental units year-round</u>. Our firm and all of our personnel are committed to providing the highest quality of service. We have not had any complaints leveled against the Firm or the individuals listed in this proposal by the AICPA, the State Board of Accountancy or any other regulatory authority. See Appendix A for the resumes of the assigned audit team. In addition, upon being selected, an appropriate number of senior staff and staff would be assigned once detailed schedules of dates have been determined. It is in the best interest of Otsego County as well as Maner Costerisan to maintain continuity of staff on every engagement from year to year and we make every effort to make that possible.

All audit team members obtain continuing professional education through the AICPA and MICPA as required, including the area of governmental accounting and auditing. In addition, we demonstrate our commitment to the governmental industry by participating in the following associations and organizations:

- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Michigan Association of Certified Public Accountants
- Association of Government Accountants
- Michigan Government Finance Officers Association
- Michigan Local Government Management Association
- Michigan Municipal Treasurers Association
- Michigan Townships Association
- Michigan Committee on Governmental Accounting and Auditing
- Michigan Association of Counties
- Michigan School Business Officials
- Michigan Public Transit Association
- Michigan Association of Transportation Systems
- County Road Association of Michigan

Partner, Supervisory, and Team Qualifications and Experience (continued)

Profile Summaries

Aaron M. Stevens, CPA - Engagement Principal

Aaron will be the individual responsible for all fieldwork and reporting requirements of your Annual Financial Statements. Aaron has over three years of accounting experience with a large banking institution and 25 years of governmental and nonprofit accounting and auditing experience. Aaron is member of the governmental and nonprofit niches of our firm and has worked exclusively in governmental and nonprofit accounting and auditing for the past 25 years, including employment as City Treasurer for two years. Aaron served as SKT's principal responsible for the governmental accounting and auditing practice since January 1, 2003.

Aaron graduated from Grand Valley State University with a Bachelor of Business Administration degree in accounting in 1991. Aaron was one of only seventeen members of the Michigan Committee on Governmental Accounting and Auditing (MCGAA), this committee provides guidance that local units of government may use in complying with accounting and auditing requirements in the State of Michigan. As a result, he spent a considerable amount of time working with representatives of the State Treasury Department, Municipal Finance Commission and the Department of Transportation. He is also a member of the American Institute for Certified Public Accountants, the Michigan Association of Certified Public Accountants, and the Michigan Government Finance Officers Association. Along with these memberships Aaron is also an Associate Member of many governmental associations in the State of Michigan, including the Michigan Municipal Treasurers Association, the Michigan Association of Transportation Systems, the Michigan Public Transit Association, and the County Road Association of Michigan. Additional profile information on Aaron can be found in Appendix A.

Steven R. Kirinovic, CPA - Independent Review Principal

Steve will be the individual responsible for independent review of all reporting requirements for the County. Steve is assigned to the governmental and nonprofit services division of our firm and has worked exclusively in governmental and nonprofit accounting and auditing for the past 28 years.

Steve graduated from Ferris State University with a Bachelor of Science in Business with a concentration in accounting. Steve is a member of the American Institute for Certified Public Accountants, the Michigan Association of Certified Public Accountants, and the Government Finance Officers Association. Along with these memberships, Steve is also an Associate Member of many governmental associations in the State of Michigan, including the Michigan School Business Officials, the Central Michigan School Business Officials, the Michigan Association of School Administrators, the Association of Government Accountants, and the Michigan County Medical Care Facilities Council.

Partner, Supervisory, and Team Qualifications and Experience (continued)

Profile Summaries (continued)

Jordan E. Smith, CPA - Senior Manager

Jordan will be the senior manager assigned to your audit. Jordan has over 12 years of accounting experience exclusively with our governmental and nonprofit clients. Jordan is assigned to the governmental and nonprofit services department of our firm and works exclusively with those clients. Jordan has worked on various governmental and nonprofit audits throughout his tenure.

Jordan graduated from Olivet Nazarene University with a Bachelor of Science degree, majoring in accounting in 2005. He is a member of the American Institute for Certified Public Accountants and the Michigan Association of Certified Public Accountants. He sits on the City of St. Johns Finance Committee and is a board member on a private family foundation. He is a regular attendee at various conferences hosted by professional organizations such as the Michigan Association of Certified Public Accountants and the Michigan School Business Officials.

Kyle J. Smith, CPA - Manager

Kyle is a manager in our audit department assigned to your audit. He is a member of the governmental and nonprofit niches of our firm and works exclusively with those clients. Kyle is a 2017 graduate from Central Michigan University with a Master of Business Administration.

Senior and Associate Auditors - To Be Determined

Maner Costerisan routinely hires high quality college graduates and CPA candidates who join our audit staff each year. These staff auditors form the foundation of our audit teams now and into the future as they develop into Senior Managers, Managers, and possibly into Principals. Closely supervised by Senior Managers, Managers, and Principals, the work of these staff auditors is key to the success of our firm and our clients. None of the personnel listed above has a record of substandard work. We understand our clients' need for continuity and embrace a culture where employees are valued and recognized. As a result, our firm traditionally has a low level of staff turnover compared to the overall accounting profession. For each engagement, some minor staff turnover is likely to occur over the years; however, we minimize the impact of this very small change by keeping key management team members consistent in serving each client.

Prior Engagements with Otsego County

Maner Costerisan has not had prior engagements with Otsego County.

Similar Engagements with Other Governmental Entities

References

Listed below are references of local governmental clients which Maner Costerisan is currently serving. We invite you to contact any of these governmental units for their comments. If additional references are necessary, we would be happy to provide those for you.

Governmental Entity:	City of Kalamazoo
Scope of Work:	Financial and Single Audit, CAFR
Fiscal Years Ending:	12/31/09 through 12/31/18
Engagement Partner:	Aaron M. Stevens, CPA
Total Hours:	710
Principal Contact:	Jennifer Clark, Accounting Division Manager
Phone Number:	(269) 337-8783

Governmental Entity:	Charlevoix County
Scope of Work:	Financial and Single Audit
Fiscal Years Ending:	9/30/13 through 9/30/19
Engagement Partner:	Steven R. Kirinovic, CPA
Total Hours:	430
Principal Contact:	Becki King, Finance Director
Phone Number:	(231) 237-0156

Governmental Entity:	Van Buren County
Scope of Work:	Financial and Single Audit
Fiscal Years Ending:	9/30/07 through 9/30/19
Engagement Partner:	Aaron M. Stevens, CPA
Total Hours:	390
Principal Contact:	Ryan Post, Director of Financial Services
Phone Number:	(269) 657-8200, Ext. 1273

Governmental Entity:	Branch County
Scope of Work:	Financial and Single Audit (when applicable)
Fiscal Years Ending:	12/31/94 through 12/31/08 and 12/31/11 through 12/31/18
Engagement Partner:	Aaron M. Stevens, CPA
Total Hours:	315
Principal Contact:	Bud Norman, County Administrator
Phone Number:	(517) 279-5104

Governmental Entity:	Ionia County
Scope of Work:	Financial and Single Audit
Fiscal Years Ending:	12/31/06 through 12/31/18
Engagement Partner:	William I. Tucker IV, CPA
Total Hours:	300
Principal Contact:	Stephanie Fox, Controller
Phone Number:	(616) 527-5300

Our expectation is to deliver value to Otsego County that exceeds your expectations. We take great pride in our client service and attribute that client service to the significant growth in the governmental industry we have enjoyed since the inception of Stevens, Kirinovic & Tucker and subsequent merger with Maner Costerisan. We are confident the references listed above will attest to our exceptional client service. We look forward to the opportunity to serve you and bringing our exceptional client service to Otsego County.

Similar Engagements with Other Governmental Entities (continued)

Collectively with Stevens, Kirinovic & Tucker, we have performed services for various governmental units throughout Michigan. The following lists some of the governmental clients we are currently serving, have served, or have recently been appointed to serve:

Counties

Branch County
Ionia County
Lake County
Isabella County
Shiawassee County
Van Buren County
Clinton County

Cities

City of Albion
City of Portland
City of Mason
City of Ferndale
City of St. Clair
Village of Grosse Pointe Shores, a Michigan City
City of Eaton Rapids
City of Hart
City of Hudsonville
City of DeWitt
City of Corunna
City of Pleasant Ridge
City of Springfield
City of Kalamazoo
City of Niles
City of Watervliet
City of St. Joseph
City of Huntington Woods

Villages

Village of Fowlerville
Village of Fowler
Village of Oxford
Village of Baroda
Village of Perrinton
Village of Westphalia
Village of Decatur
Village of Vicksburg

Townships

Fulton Township
Williamstown Township
Essex Township
Chippewa Township
Bruce Township
DeWitt Charter Township
Duplain Township
Bath Charter Township
Bengal Township
North Plains Township
Carmel Township
Sodus Township
Handy Township
Lansing Charter Township
Chester Township
Williams Charter Township
Ovid Township
Westphalia Township
Dallas Township
Bingham Township
Locke Township
Eagle Township
East Bay Charter Township
Pipestone Township
Delta Charter Township
Woodhull Township

Similar Engagements with Other Governmental Entities (continued)

Road Commissions

Shiawassee County Road Commission
Oceana County Road Commission
Lenawee County Road Commission
Sanilac County Road Commission
Clinton County Road Commission
Eaton County Road Commission

Libraries

Ovid Public Library
Charlotte Community Library
Albion District Library
Detroit Public Library
Orion Township Public Library
Ferndale Area District Library
Capital Area District Library
DeWitt District Library
Flat River Community Library
Grand Ledge Area District Library
Tecumseh District Library
Cromaine District Library
Lenawee District Library
Brighton District Library
Delta Township District Library

School Districts

Clinton County Regional Educational Service Agency
Fulton Schools
Williamston Community Schools
Lake City Public Schools
Redford Union School District #1
Hastings Area School System
Hillsdale County Intermediate School District
Allegan Area Educational Service Agency
Allendale Public Schools
Bath Community Schools
Blended Learning Academies
Central Montcalm Public Schools
Coopersville Area Public Schools
Decatur Public Schools
East Grand Rapids Public Schools
Eaton Regional Education Service Agency
Flat River Academy
Fowlerville Community Schools
Gateway to Success Academy
Godwin Heights Public Schools
Great Lakes Christian College
Hamilton Community Schools
Hightpoint Academy of Michigan
Hopkins Public Schools
Icademy Global
Innocademy
Island City Academy
St. Johns Public Schools
New Lothrop Area Public Schools
Tri County Area Schools
Lewis Cass Intermediate School District
Madison District Public Schools
Blissfield Community Schools
Tecumseh Public Schools
Allegan Public Schools
Bangor Township School District No. 8
Benton Harbor Charter School Academy
Brighton Area Schools
Cole Academy
Dansville Public Schools
Dowagiac Union Schools
East Lansing Public Schools
Fennville Public Schools
Forest Hills Public Schools
Friendship Public Charter School
Glenn Public School
Grand Ledge Public Schools
The Greenspire School
Haslett Public Schools
Homer Community Schools
Houghton Lake Community Schools
Ingham Intermediate School District
Innocademy Allegan Campus
Kenowa Hills Public Schools

Similar Engagements with Other Governmental Entities (continued)

School Districts (continued)

Kent Intermediate School District
Lansing School District
Leslie Public Schools
Livingston Education Service Agency
Mecosta-Osceola Intermediate School District
Montabella Community Schools
Morenci Area Schools
Muskegon Montessori Academy of Environmental Change
Okemos Public Schools
Olivet Community Schools
Ottawa Area Intermediate School District
Owosso Public Schools
Relevant Academy of Eaton County
South Haven Public Schools
Thornapple Kellogg School District
Traverse City Area Public Schools
Webberville Community Schools
West Ottawa Public Schools
Wyoming Public Schools
Lake Superior Academy
Leelanau Montessori School Academy
LifeTech Academy
Martin Public Schools
Mid-Michigan Leadership Academy
Montcalm Intermediate School District
Multicultural Academy
New Branches Charter Academy
Oak Park School District
Olivet College
Oneida Township School District #3
Outlook Academy
Pontiac Academy for Excellence
Saugatuck Public Schools
Spring Lake Public Schools
Three Oaks Public School Academy
Van Buren Intermediate School District
West MI Academy for Environmental Science
Whitmore Lake Public Schools

Health Departments

Branch-Hillsdale-St. Joseph Community Health Agency
Central Michigan District Health Department
Van Buren-Cass County District Health Department
Ionia County Health Department
Shiawassee County Health Department

Other Public Authorities and Agencies

Clinton Area Ambulance Authority
Ovid-Middlebury Emergency Services Authority
Southern Clinton County Municipal Utilities Authority
Kalamazoo Area Transportation Study
Mid-Michigan Water Authority
DeWitt Area Recreation Authority
Fowlerville Area Fire Authority
DeWitt Area Emergency Services Authority
Tri-County Regional Planning Commission
Capital Region Airport Authority

Transportation Authorities and Agencies

Bay Metropolitan Transportation Authority
Shiawassee Area Transportation Agency
Jackson Transportation Authority
Saginaw Transit Authority Regional Services
Clinton Area Transit System
Isabella County Transportation Commission
Flint Mass Transportation Authority
Central County Transportation Authority

Specific Audit Approach

Understanding of Work to be Performed

The audits will be performed for the years ended December 31, 2019 through 2022 in accordance with generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), the standards applicable to financial audits contained in *Government Auditing Standards* as issued by the U.S. Government Accountability Office (GAO), the provisions of the Uniform Guidance, and all other applicable State of Michigan or federal standards. We will express an opinion on the fair presentation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). We will express an "in-relation-to" opinion on the fair presentation of the County other supplementary information. We will not audit nor opine on the introductory or statistical sections of the report.

The audits will address the requirements of and comply with all of the following:

- Applicable State of Michigan requirements;
- Applicable Federal Requirements;
- Applicable requirements under GAAP;
- Any other applicable requirements.

We will prepare, in coordination with the County, a presentation to the County Commission of the completed audit results. We will prepare and submit, in coordination with the County, the Data Collection Form for Reporting on Audits of States, Local Governments, and Nonprofit Organizations. We will provide to the County all audit adjustments including appropriate backup documents and will meet with staff to discuss these final adjustments.

We will be available to answer reasonable questions that may arise on financial and compliance matters without additional cost to the County during the course of the year.

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, we will prepare and issue the following reports:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

- A report on compliance and internal control over financial reporting based on an audit of the financial statements.

- A report on compliance and internal control over compliance applicable to each major federal award.

- A report on internal control containing comments and recommendations regarding the County's system of internal controls: its methods of safeguarding its assets, ensuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This report will contain comments and recommendations for controlling any internal weaknesses (including material weaknesses, significant deficiencies, and any instances of noncompliance) discovered and shall be reviewed by the Director of Finance and/or County Administrator/Controller before finalizing.

- Other mandatory or required reports.

Specific Audit Approach (continued)

Reports to be Issued (continued)

All reports will be prepared, assembled, and delivered to the County in electronic format. We will make an immediate, written report of all irregularities and illegal acts of which we become aware to the County Administrator/Controller.

Additional Services and Assistance Throughout the Year

One of our firm's strengths is our ability to provide continual management assistance during the audit and throughout the year. Because our on-site audit team has considerable governmental experience, they are easily accessible to assist you with any issue that may arise. We are also available throughout the year for questions as needed. **We do not charge additional fees for these services unless extensive research or services are needed**.

The Foundation of Our Service

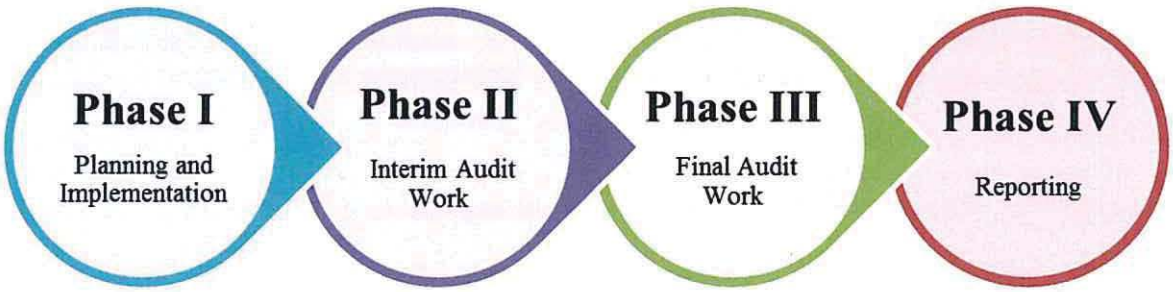
We pride ourselves on understanding our clients and their needs. Based on this, we will assess needs and risk and design an approach that best fits the circumstances of Otsego County.

Standardizing for efficiency can be a profitable strategy. However, in today's competitive business world, rigid uniformity for its own sake stalls efficiency and creativity. At Maner Costerisan we have adopted a forward-thinking approach encouraging flexibility according to the needs of an organization. By no means will uniformity shadow the continuous critical thinking of our professionals. They will innovate and prepare effective and efficient approaches which are specific to Otsego County.

Timing is everything. We schedule our work to minimize the impact on your staff while maximizing the effectiveness of our engagement team and work process. We will meet tight time schedules and deliver our reports on a timely basis.

Specific Audit Approach (continued)

Audit Engagement Approach



Key Components

Along with effective communication, the use of technology and creative analytical tools, we will serve your needs through the following key components of our audit process:

Planning - The amount of time and effort that goes into the planning stage of an audit has increased significantly as a result of recent professional standards. We will spend a significant amount of time in this stage of the audit developing an understanding of your organization and the environment in which it operates. This additional time in the planning process should lead to the remainder of the audit being performed in a more effective and efficient manner.

Scheduling - The staffing of your audit will be scheduled at a mutually agreed upon time that will allow us to meet the timeline you have noted in your request for proposal. We will make sure you are introduced to our staff as soon as possible. Unlike many national firms, at Maner Costerisan we strive to balance our staff development with the efficiencies gained by allowing our staff to work on an engagement for a number of years. Consequently, we believe you will see a lower level of staff turnover on your engagement when compared to the typical national or regional firm. This generally results in a more efficient audit, minimizes the risk of engagement problems and causes less frustration. In addition, our low manager-to-staff ratio allows management access to our principals and assures close supervision of your engagement team. Our principals are regularly accessible for timely services and decisions.

Fieldwork and wrap-up - We will schedule our fieldwork with you well in advance and do our best to stick to the schedule. We will utilize your staff to help create efficiencies and control the cost of your audit.

Progress meetings - At the outset of our engagement, we will schedule an interim progress meeting with the appropriate personnel from your County. This meeting will be used to discuss open items and any challenges we may face in completing the audit. We will also schedule meetings, as needed, to review the representations we will ask management to make as well as any other communications we will be required to have with the management and those charged with the governance of Otsego County.

Interaction with and utilization of your staff - We will interact with your staff in a professional manner, respecting their time and recognizing their responsibilities beyond helping with our audit. We anticipate using your staff to help document your systems, prepare confirmations and other correspondence, and gather source documents we may need to examine as part of our audit.

Strictly-kept deadlines - Meeting all deadlines is a top priority. Absent events beyond our control, we will meet deadlines established with you in the planning stage of our audit.

Specific Audit Approach (continued)

Sample Sizes and Extent of Statistical Sampling

Our utilization of sampling in auditing generally centers on compliance and controls testing, rather than substantive testing of account balances. We use quality control materials from PPC in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing the following areas:

- Controls Over Expenditures
- Michigan Legal Compliance
- Federal Compliance under the Uniform Guidance, as applicable

Sample sizes obtained via the PPC guidance system fall into categories of 25, 40, or 60, depending on circumstances. The most common scenario would be a selection of 40 transactions in the first year of our engagement, followed by a sample size of 25 in subsequent years, assuming no significant problems are discovered in the first year. We are usually able to cover a substantial portion of the two categories of testing with one sample, resulting in a very efficient transaction testing phase.

Use of EDP Software in the Engagement

We utilize ProSystem fx Engagement (Engagement) software to manage a paperless audit process. All year-end account analysis schedules as prepared by the County's financial staff in Excel are easily imported into ProSystem fx. Additionally, the individual laptop computers of our entire audit team are electronically linked via a wireless network and each audit team is equipped with a portable scanner for audit evidence that is not in an Excel/Word format. This approach maximizes efficiency for our audit team and the County's financial staff.

Understanding of Internal Control

Statements on Auditing Standards require us to gain an understanding of the control environment and to assess control risk in planning our audit. In order to accomplish this, we will utilize PPC's "Government Organization Planning Forms", and by discussion with appropriate County staff, we will document significant internal control points in the cash and investments, revenue expenditures and expenses, general ledger, payroll, accounts payable, and purchasing systems.

Audit Work Plan / Methodology

We utilize a comprehensive set of audit work programs as published by PPC's Guide to Audits of State and Local Governments. These government audit programs cover 15 key areas relating to government auditing. As part of our audit planning process, each of the work programs is reviewed and customized based on the unique needs of each government entity that we audit.

The programs are designed to increase audit efficiency by linking financial statement assertions, audit objectives, and procedures that are basic to most government audit engagements. Behind each set of basic procedures are additional procedures that may be necessary on some engagements. Each audit program also includes practical considerations designed to provide useful advice that auditors should consider in applying specific audit steps.

Specific Audit Approach (continued)

Analytical Review

In accordance with generally accepted auditing standards, analytical review will be utilized in the planning process and during the final review stage of the audit. Our analytical procedures consist of five components: expectation development, explanation generation, information search and explanation evaluation, decision making and documentation. Specific procedures would include comparison of actual results to prior years and to adopted budget (as amended), comparison of expected dues revenue to actual revenue recognized, and a reasonableness test for return on investments. Other substantive procedures may be supplemented by analytical procedures, depending on our audit risk assessment process.

Approach to Containing Costs

To be competitive in any business activity, it is imperative that an organization perform in the most efficient and effective manner. Cost containment will be accomplished through significant planning and coordination of activities to maximize the effectiveness of audit procedures. In addition, we utilize the latest in paperless audit procedures and advanced electronic audit software.

Client Service Approach

Maner Costerisan's approach to client service rests on the principle that successful professional relationships are built on close communication. Equally important is the participation of service team members who know your business. These two factors - communication and expertise - will ensure the timely delivery of efficient professional services.

Responsiveness, Accessibility, Communication

Our service-oriented approach is structured to help you achieve your goals and objectives and strengthen your management processes. As our client, you will experience this philosophy through all aspects of our service.

Open, candid communications and an intimate knowledge of your concerns will enable us to offer proactive advice and counsel. We promptly address issues and report back to you, which will be critical given the timely nature of your reporting deadlines.

You will have access to each member of your service team at all times. As a result, you will benefit from shareholder-level experience and creativity at the early stages of discussing an issue when you are in a position to take advantage of the alternatives before you.

We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals.

In addition, we provide an annual newsletter highlighting changes and offering reminders for the upcoming audit season.

Specific Audit Approach (continued)

Looking Forward: The Management Advisory Letter

Maner Costerisan will prepare a management letter outlining any material weaknesses or significant deficiencies noted in your system of internal controls. The report on the study and evaluation of internal control systems will identify and evaluate the significant internal accounting controls used to safeguard assets and to provide accurate and timely financial information. In addition, any significant opportunities to improve internal controls and accounting procedures, budgeting and financial projection processes, and financial reporting styles, which will increase the reliability of accounting records and financial statements, will be discussed. We consider the management letter to be an integral part of the audit process. Our policy is to discuss issues as they arise with the appropriate management personnel. We will prepare a management letter in draft form for management to ensure accuracy of the items identified. We will revise the draft management letter after appropriate discussions with management and will present this to the governing body, if requested.

Entrance, Exit, and Status Conferences

We understand the importance of communicating relevant information on a timely basis. All of our personnel are good communicators. We also understand that your staff has schedules and other matters to deal with, and that organizations must conduct business with minimum disruption. Accordingly, it is our policy to schedule meetings in advance to keep management informed of the progress being made on the audit.

By identifying and resolving audit issues on a continuing basis, we help address issues before they develop into problems or "surprises" to management and the board. Also, our deployment of Maner Costerisan's process of quality control will be accomplished without causing you surprises; our review members are involved throughout the auditing process.

The audit entrance, exit, and status conferences will include applicable Otsego County representatives and Aaron M. Stevens, from your audit team. The audited financial statements and other required communications will be presented to the County Commission, at your direction, by your audit team's engagement principal.

Client Satisfaction

Your engagement team is committed to not only meeting your expectations but exceeding your expectations. To ensure we have achieved this goal we communicate with you throughout the year. We want to hear any issues you may have with our services and commit to satisfying your requests. Maner Costerisan is actively involved with monitoring and improving our client service through Net Promoter Score (NPS) which is currently an 80! The NPS is a calculation (ranging from a -100 to 100) which scores an organization using the answer to a single question: "How likely is it that you would recommend Maner Costerisan to a friend or colleague?" This question is the basis for all quality as it is based on the concept that if an organization is performing at such a high standard a client would become a promoter of the organization. Although we are proud of our rating, we continually look for ways to improve.

Specific Audit Approach (continued)

Timeline

We propose the following tentative timetable for the audit of the 2019 fiscal year:

Audit Approach	
	Timeline
➢ Planning and preliminary fieldwork ✓ Discuss current year audit with management. Assess risk, write/tailor audit programs, test controls, document understanding of transaction cycles, perform SAS 99 procedures, perform preliminary analytical review, prepare confirmations, review minutes, review permanent file information, prepare list of audit schedules to be prepared by client personnel, complete planning. ✓ Formal planning meeting with client. ✓ Consider changes needed due to recent technical pronouncements and management's desire. ✓ Document understanding of internal compliance processes and perform system walkthroughs.	January 2020 (November in subsequent years)
➢ Detailed audit plan provided to the County.	By March 1
➢ Year-end fieldwork and compliance work ✓ Perform audit testwork including analytical procedures, compliance testing, and other substantive procures. ✓ Meet with management to discuss adjustments and management letter comments. ✓ Conduct exit conference with client. ✓ Review draft financial statements and finalize changes with client.	April
➢ Issue deliverables (draft to finalization) ✓ Audit reports ✓ Management advisory letters ✓ Audit committee correspondence	By May 15
➢ Final report distributed	By May 31

This timeline was established based on our understanding of the County's preparedness for the fieldwork to commence. The dates may easily be revised if necessary.

Specific Audit Approach (continued)

Level of Staff and Number of Hours

The following summarizes our estimate of the audit hours required to complete the engagement for the fiscal year ending December 31, 2019, detailed by team member level and segment of the engagement:

Financial and Single Audit	Total	Associates	Manager	Senior Manager	Partner	Admin
Planning						
Total Planning	64	32	16	8	8	-
Fieldwork						
Assets	52	28	18	6	-	-
Liabilities	68	44	18	6	-	-
Revenue	46	34	8	4	-	-
Expenditures	46	34	8	4	-	-
Supervision and Review of Fieldwork	- 48	-	18	20	10	-
Total Fieldwork	260	140	70	40	10	-
Report						
Total Report and General Items	53	12	8	10	12	11
Total Hours	377	184	94	58	30	11

Identification of Anticipated Potential Audit Problems

Based on our preliminary review of the prior year audited financial statements, including the comments and recommendations, we do not foresee any potential audit problems. Should any audit problems arise, we will discuss and address them with management so as to minimize the effect on the timely completion of the fieldwork and resulting report.

Report Formats

Generally accepted accounting principles allow for various reporting formats to be utilized by governmental units. Rather than including a few sample formats, we would be happy to provide you with copies of any of our current clients' specific financial reports that you would like to see. Also, all of our governmental reports are electronically submitted to the Michigan Department of Treasury and are available for review via their website: www.michigan.gov/treasury.

Why Choose Maner Costerisan?

Governmental Experience

- Our firm has considerable recent governmental accounting and auditing experience and currently serves more than 250 governmental entities. We are proposing to staff Otsego County's audit engagement with individuals who perform 100% governmental accounting and auditing service year-round. We believe that no other firm will be able to match that commitment to the governmental industry.

- We have significant Single Audit and other Federal and State grant experience. We currently perform more than fifty Single Audits annually and provide independent monitoring and technical assistance services related to federal grants.

- We work closely with the State of Michigan and are well informed as to the State's interpretation of new accounting, auditing, and reporting requirements. Our principals have served and currently serve on the Michigan Committee on Governmental Accounting and Auditing, providing guidance that local units of government may use in complying with accounting and auditing requirements in the State of Michigan.

- Our Governmental Niche leader serves on the Michigan Government Finance Officers Association - Accounting Standards Committee, this committee supports the advancement of governmental accounting and financial reporting through active participation in the review and analysis of proposed pronouncements from authoritative accounting standard-setting bodies.

Commitment to Quality

Maner Costerisan is dedicated to providing excellent service and producing a quality product in our accounting and auditing practice. Our system of quality control includes the following:

- **Peer Review**
  Our firm participates in the AICPA Peer Review Program of the National Peer Review Committee (NPRC). We have received a "pass" peer review during every review since the inception of the program, including the most recent review in June 2017.

- **Internal Quality Control**
  Maner Costerisan follows a system of internal quality control policies and procedures, including Leadership Responsibilities for Quality within the Firm; Relevant Ethical Requirements; Acceptance and Continuance of Client Relationships and Specific Engagements; Human Resources; and Monitoring. These six policies ensure the quality of every audit and every report issued. More specifically, our policies on Leadership Responsibilities for Quality within the Firm and Monitoring directly ensure the quality of each audit and report issued.

- **Maintenance of Secondary Partner and Rotation of Partners**
  As a part of our quality control policies, we are committed to maintain two principals on every audit engagement. We believe this "second set of eyes" provides a very valuable perspective and positively impacts the quality of the end product. Our firm also offers periodic rotation of partners on audit engagements. This is generally discussed after three to five years of an audit engagement, but we are very open to this possibility if desired by the client.

Why Choose Maner Costerisan? (continued)

Additional Services

Our specialists can provide Otsego County with services in the following areas:

- Accounting and auditing
- Tax preparation and planning
- Benchmarking
- Business advisory
- Cash flow management
- Cost allocation and budgeting
- 403(b) plan self-audits
- Financial reporting
- Fraud prevention and investigation
- Organization and personnel planning
- Employee benefit plan audits
- Accounting and information system recommendations
- Payroll processing and payroll master agreements

Management Advisory Services
We regularly provide advisory services to our clients ranging from simple to complex management issues. Typical engagements include accounting system design and installation, cost accounting systems, business process improvement studies, internal control improvement studies, feasibility studies, budgets, organizational studies and recommendations, staffing, cost reduction programs, acquisition, and financing programs.

Accounting & Outsourced Solutions
Specialized staff in the Accounting & Outsourced Solutions department prepares monthly financial statements and various required governmental reports for organizations not large enough to staff an internal accounting department. The specially trained staff can complete forms such as a computerized general ledger, financial statements, employee earnings records, payroll tax reports, bank reconciliations and other services.

Employee Benefits Expertise
Maner Costerisan performs a wide variety of professional services for our employee benefit clients. The firm services approximately seventy pension and health and welfare employee benefit plans annually. These plans encompass multiple employers, as well as multi-employer collectively bargained plans. Our services are performed in an effective and efficient manner in accordance with professional standards and ERISA requirements. We have established an Employee Benefits Division and are a registered member of the AICPA Employee Benefit Plan Audit Quality Center. The firm also prepares approximately 200 Form 5500's for submission to the Department of Labor annually.

Business Solutions and Technology Consulting
Providing you the technology and expertise to gain better insight into your organization, our technology professionals are skilled at getting to the heart of your problem or issue and delivering a solution using their trend-setting approach. We are a Microsoft Certified Gold Partner and Sage Intacct Partner with individuals on staff who have obtained various technical credentials including a Microsoft A+ certified technician. Our expertise in both technology and basic business functions combine to make a powerful team, specializing in providing professional IT services and resources with leading-edge technology innovation with highly skilled resources to deliver reliable, secure and adaptive IT solutions that meet and exceed your needs and management requirements. Depending on your vision and goals, we can help you customize your current computer systems, or we can implement entirely new hardware or software.

Quality Control

Quality control in a firm such as Maner Costerisan is dependent upon an organizational structure which is inherently sound, and which clearly defines the responsibilities of the various levels of management.

Maner Costerisan is dedicated to excellence in our accounting and auditing practice. Our quality control procedures include the following:

- *Assignment and Training of People* - We schedule professionals only to engagements for which they have the necessary background and training. Those without the necessary background are trained before an assignment.

- *Supervision* - Our engagement teams are subject to a "chain of supervision" over all the work performed. All audit workpapers are reviewed by the person supervising the preparer of the workpapers. The reviewers write review comments, as appropriate, for the preparers to clear. The reviewers have to agree with the manner in which such comments are cleared.

- *Engagement Manager and Partner Review* - Managers and shareholders assigned to engagements review the audit workpapers and reports. Specifically, the managers and engagement shareholders review all workpapers supporting our reports.

- *Pre-Issuance Review* - All reports on audited financial statements are reviewed before issuance by an independent shareholder who, along with the engagement shareholder, has significant experience in the industry. This provides assurance that our audit reports conform to the latest developments in professional standards.

- *Client Management Review* - Our engagement shareholder and/or manager review all draft reports with client management before finalizing the reports.

These quality control procedures have served us well on all of our engagements and we intend to use the same should we become the successful awardee.

We have assisted multiple clients in obtaining their certificate of achievement for excellence in financial reporting, as well as, assisting clients with the preparation of their comprehensive annual financial report.

Additional Documents

Aaron M. Stevens, CPA
Audit Department, Principal

Education:

1991 Graduate of Grand Valley State University
1988 Graduate of DeWitt High School

Professional Background:

- CPA Certificate #24055 on May 20, 1996
- Michigan Association of Certified Public Accountants - Member
- American Institute of Certified Public Accountants - Member
- Michigan Government Finance Officers Association - Associate Member
- Michigan Committee on Governmental Accounting and Auditing - Former Member
- Michigan Nonprofit Association - Associate Member
- Michigan Society of Association Executives - Associate Member
- Michigan Association of Transportation Systems - Associate Member
- Michigan Public Transit Association - Associate Member

Occupational Experience:

01/19 - Present	Maner Costerisan (Principal)
08/17 - 12/18	Stevens, Kirinovic & Tucker, P.C. (Principal)
01/03 - 07/17	Abraham & Gaffney, P.C. (Principal)
06/00 - 12/02	Abraham & Gaffney, P.C. (Manager)
06/98 - 06/00	City of St. Johns (Treasurer/Finance Director)
01/98 - 06/98	Andrews, Hooper & Pavlik, PLC (Senior)
01/97 - 01/98	Abraham & Gaffney, P.C. (Senior)
04/94 - 12/96	Abraham & Gaffney, P.C. (Accountant)
12/91 - 04/94	State Employees Credit Union (Accounting Assistant)
05/91 - 08/91	State Employees Credit Union (Accounting Intern)

Continuing Education:

- Conferences and Seminars (Last three years)
  - AICPA - Governmental and Not-for-Profit Training Program (24 hours - October 2019)
  - AICPA - Not-for-Profit Storytelling (2 hours - June 2019)
  - AICPA - ENGAGE 2019 (36.5 hours - June 2019)
  - AICPA - Implementation of New Standards for NFPs (2 hours - June 2019)
  - AICPA - Form 990: Learn from the Experts (2 hours - December 2018)
  - MICPA - Michigan Specific Ethics (1 hour - December 2018)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - December 2018)
  - AICPA - Fiduciary Activities: Understanding the Impacts of GASB 84 (2 hours - November 2018)
  - AICPA - 2018 GAQC Annual Update Webcast (2 hours - May 2018)
  - AICPA - Not-for-Profit Certificate II (30 hours - July 2018)
  - AICPA - ENGAGE 2018 (35.5 hours - June 2018)
  - AICPA - Risk Management for Not-for-Profit Organizations (2 hours - March 2018)
  - AICPA - Not-for-Profit Accounting: Split Interest Agreements & Endowments (2 hours - March 2018)
  - AICPA - Not-for-Profit Accounting & Financial Reporting: Investments (1 hour - March 2018)
  - AICPA - Governmental and Not-for-Profit Training Program 2017 (25 hours - October 2017)
  - MICPA - Nonprofit Conference (8 hours - October 2017)
  - MICPA - Early Bird Ethics: Clarity for the World of Ethics in Non-Traditional Services (1 hr. - Oct. 2017)
  - AICPA - New NFP Financial Reporting Standard: Top 5 Things Board Should Know! (2 hrs. - Sept. 2017)

Aaron M. Stevens, CPA (continued)

Continuing Education (continued):

- Conferences and Seminars (Last three years) (continued)
  - FASB - Proposed Improvements to Not-for-Profit Grant & Contribution Accounting (1.2 hrs. - Sept. 2017)
  - AICPA - Implementing the Financial Statement Presentation Standard: Mastering the Most Difficult Challenges (2 hours- June 2017)
  - FASB - FASB Update for Private Companies & Not-for-Profit Organizations (2 hours - June 2017)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - May 2017)
  - MICPA - Early Bird Ethics: Dealing with the Conceptual Framework (1 hour - May 2017)
  - AICPA - 2017 GAQC Annual Update Webcast (2 hours - May 2017)
  - AICPA - Implementing the New Not-for-Profit Standard - Practical Considerations (2 hours - Mar. 2017)
  - AICPA - Developing and Reporting Audit Findings (2 hours - March 2017)
  - AICPA - Form 990: Learn from the Experts (2 hours - December 2016)

- Various other meetings and in-house training - concentration in governmental areas
- Twenty-five years of diversified accounting experience in governmental, nonprofit, and other accounting services

Public and Community Service:

- Discussion leader for Michigan Townships Association - 2009 Educational Conference
  Subject: "Understanding Bookkeeping Basics"
- Former Board Member and Treasurer for Clinton County Family Resource Center
- Former Treasurer for Friends of Clinton Area Transit
- President for '98 Hockey Boosters, Inc.
- Team Manager for '98 Lansing Capitals Travel Hockey Team
- Former Treasurer for St. Johns Area Skating Association

Steven R. Kirinovic, CPA
Principal

Education:

1991 Graduate of Ferris State University - Major in Accounting
1987 Graduate of Ovid-Elsie High School

Professional Background:

- CPA Certificate #22020 on April 5, 1993
- Michigan Association of Certified Public Accountants - Member
- American Institute of Certified Public Accountants - Member
- Association of Government Accountants (Lansing Chapter) - Member
- Michigan Association of Certified Public Accountants - Nonprofit Committee Member
- Central Michigan School Business Officials - Member
- Michigan School Business Officials - Member
- Government Finance Officers Association - Member

Occupational Experience:

01/19 - Present	Maner Costerisan, P.C. (Principal)
08/17 - 12/18	Stevens, Kirinovic & Tucker, P.C. (Principal)
01/99 - 07/17	Abraham & Gaffney, P.C. (Principal)
06/92 - 12/98	Abraham & Gaffney, P.C. (Manager)
12/90 - 05/92	Robert F. Murray & Company, CPA's, P.C. (Staff)
05/90 - 09/90	State of Michigan, Department of Management & Budget (Intern)

Continuing Education:

- Conferences and Seminars (Last three years)

MICPA - Nonprofit Conference (9 hours - October 2019)
MICPA - The New Yellow Book: GAS 2018 Revisions (8 hours - September 2019)
CMSBO - ISD/RESA Roles in Supporting LEAs (1 hour - October 2018)
MICPA - Nonprofit Conference (8 hours - October 2018)
MICPA - Early Bird Ethics: Michigan Specific Ethics 2018-19 Edition (1 hour - October 2018)
AICPA - ENGAGE 2018 (36 hours - June 2018)
MSBO - Business Manager/CPA Workshop (8 hours - June 2018)
CMSBO - David Hulings, Motivational Transition Coach - Strategic Abandonment (1 hour - June 2018)
MICPA - School District update with Eric Formberg (8 hours - May 2018)
MICPA - Governmental Accounting & Auditing Conference (6.6 hours - May 2018)
CMSBO - Thrun Legal Update (1 hour - March 2018)
SKT - Ultratax CS - On-demand Training Webinar (1 hour - December 2017)
AICPA - Governmental and not-for-Profit Training Program 2017 (25 hours - October 2017)
CMSBO - Office of Retirement Services (1 hour - October 2017)
CMSBO - MSBO Update (1 hour - September 2017)
MSBO - Business Manager/CPA (8 hours - June 2017)
MICPA - School District Update (8 hours - June 2017)
MICPA - Governmental Accounting & Auditing Conference (8 hours - May 2017)
MICPA - Early Bird Ethics: Dealing with the Conceptual Framework (1 hour - May 2017)
MSBO - 2017 Annual Conference & Exhibit Show (3 hours - May 2017)
CMSBO - School Budgeting Alternatives on Current Research/Budget Workshop (1.5 hours - April 2017)

Steven R. Kirinovic (continued)

Continuing Education (continued):

- Conferences and Seminars (Last three years) (continued)
  - CMSBO - Techniques for Living a Pressure Free Life by Optimizing Mind & Body (1 hour - February 2017)
  - CMSBO - Financial Strategies Conference (13 hours - January 2017)
  - Plante & Moran - GASB 77: What You Need to Know About Tax Abatement Disclosures (1 hour - December 2016)
  - CMSBO - Steps to Successful Bond Campaign (1 hour - December 2016)

- Various other meetings and in-house training - concentration in governmental areas

- Over 28 years of experience in governmental and nonprofit auditing, business, and tax services

- Discussion leader for Abraham & Gaffney GASB Statement 34 Seminars
  - Subject: "GASB Statement 34 for Cities and Villages"
  - Subject: "GASB Statement 34 for School Districts"
  - Subject: "GASB Statement 34 for Counties and Road Commissions"
  - Subject: "GASB Statement 34 for Townships and Other Governments"

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Jordan E. Smith, CPA
Senior Manager

Education:

2005 Graduate of Olivet Nazarene University, Illinois
2001 Graduate of Faith Christian School, Wisconsin

Professional Background:

- CPA Certificate #32083 on April 28, 2010
- Michigan Association of Certified Public Accountants - Member
- American Institute of Certified Public Accountants - Member

Occupational Experience:

01/19 - Present	Maner Costerisan, P.C. (Senior Manager)
08/17 - 12/18	Stevens, Kirinovic & Tucker, P.C. (Manager)
01/13 - 07/17	Abraham & Gaffney, P.C. (Manager)
01/09 - 12/12	Abraham & Gaffney, P.C. (Senior Accountant)
07/06 - 12/08	Abraham & Gaffney, P.C. (Accountant)

Continuing Education:

- Conferences and Seminars (Last three years)
  - MICPA - Nonprofit Conference (9 hours - October 2019)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - December 2018)
  - MICPA - Early Bird Ethics: Michigan Specific Ethics 2018-19 Edition (1 hour - December 2018)
  - AICPA - Governmental and Not-for-Profit Training Program 2018 (24 hours - October 2018)
  - MSBO - Business Manager/CPA Workshop (8 hours - June 2018)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - May 2018)
  - MICPA - Early Bird Ethics: Michigan Specific Ethics 2018-19 Edition (1 hour - May 2018)
  - Thomson Reuters - Checkpoint Functionality: Beyond Keyword Searching (1 hour - January 2018)
  - SKT - Ultratax CS - On-demand Training Webinar (1 hour - December 2017)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - December 2017)
  - MICPA - Early Bird Ethics: Why do Ethical People do Unethical Things? (1 hour - December 2017)
  - MICPA - Nonprofit Conference (6 hours - October 2017)
  - Thomson Reuters - SMART Practice Aids Functionality: Getting Started with Disclosure (1 hour - September 2017)
  - MSBO - Business Manager/CPA Workshop (8 hours - June 2017)
  - MICPA - Governmental Accounting & Auditing Conference (6.8 hours - May 2017)
  - MICPA - Early Bird Ethics: Dealing with the Conceptual Framework (1 hour - May 2017)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - May 2017)

- Various other meetings and in-house training

Kyle J. Smith, CPA
Audit Department, Manager

Education:

2017 Graduate of Central Michigan University (MBA)
2011 Graduate of Central Michigan University
2007 Graduate of DeWitt High School

Professional Background:

- CPA Certificate #1101034335 on June 28, 2013

Occupational Experience:

01/19 - Present	Maner Costerisan, PC (Associate)
03/18 - 12/18	Stevens, Kirinovic & Tucker, P.C. (Accountant)
08/15 - 03/18	Hemlock Semiconductor Corporation (Accountant)
06/11 - 07/15	Dow Corning Corporation (Accountant)

Continuing Education:

- Conferences and Seminars (Last three years):
  - MICPA - Nonprofit Conference (9 hours - October 2019)
  - MICPA - Successon Planning (1 hour - July 2019)
  - MICPA - Employee Handbook (1 hour - July 2019)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - December 2018)
  - MICPA - Early Bird Ethics: Michigan Specific Ethics 2018-19 Edition (1 hour - December 2018)
  - SKT - 6 Month Training (4.8 hours - September 2018)
  - MSBO - Business Manager/CPA Workshop (8 hours - June 2018)
  - Thomson Reuters - Checkpoint Functionality: Getting Started with the Basics (1 hour - June 2018)
  - EY - The new talent continuum: are you prepared? (1 hour - June 2018)
  - MICPA - Governmental Accounting & Auditing Conference (8 hours - May 2018)
  - MICPA - Early Bird Ethics: Michigan Specific Ethics 2018-19 Edition (1 hour - May 2018)
  - SKT - 1 Month Training (7.2 hours - April 2018)
  - SKT - New Hire Training (19.2 hours - March 2018)

- Various other meetings and in-house training

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich

RPB CPAs
A century of new ideas

Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

Report on the Firm's System of Quality Control

July 27, 2017

To the Partners of Maner Costerisan PC and
the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Maner Costerisan PC (the firm) in effect for the year ended March 31, 2017. 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. 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, including compliance audits under the Single Audit Act; audits of employee benefit plans, and audits of carrying broker-dealers.

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.

Reilly, Penner & Benton LLP
1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800
www.rpb.biz

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maner Costerisan PC in effect for the year ended March 31, 2017, 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*. Maner Costerisan PC has received a peer review rating of pass.

Reilly, Penner & Benton LLP

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ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 1/3/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Professional Concepts Insurance Agency, Inc.
1127 South Old US Highway 23
Brighton MI 48114-9861

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PHONE (A/C, No, Ext): (800) 969-4041 FAX (A/C, No): (800) 969-4001
E-MAIL ADDRESS: certs@pciaonline.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Hanover Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
Maner, Costerisan & Ellis PC, DBA: Maner Costerisan
2425 E. Grand River Avenue
Suite 1
Lansing MI 48912-3291

COVERAGES **CERTIFICATE NUMBER:** 19-20 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH)	N/A					PER STATUTE / OTH-ER	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Professional Liability			LHHD12954102	1/1/2019	1/1/2020	Per Claim	$5,000,000
							Aggregate	$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

FOR INFORMATION ONLY

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Mike Cosgrove/SHANNO

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ACORD 25 (2014/01)
INS025 (201401)

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PROPOSER GUARANTEES

I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: Aaron M. Stevens

Name (typed): Aaron M. Stevens, CPA

Title: Principal

Firm: Maner Costerisan, P.C.

Date: December 30, 2019

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of Michigan laws and licensing requirements.

B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a minimum of $1,000,000 coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the COUNTY OF OTSEGO.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: Aaron M. Stevens

Name (typed): Aaron M. Stevens, CPA

Title: Principal

Firm: Maner Costerisan, P.C.

Date: December 30, 2019

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Proposed Fees For Professional Audit Services

Otsego COUNTY MICHIGAN
ESTABLISHED 1875

Years Ending December 31, 2019 through 2022

Aaron M. Stevens, CPA, Principal, is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with **Otsego County**.

Aaron M. Stevens, CPA
Principal
Maner Costerisan

The total All-Inclusive Maximum Price for the *financial audit* and *compliance audit* for Otsego County for the year ending December 31, 2019 is $40,616.

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2019 FINANCIAL STATEMENTS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	30	$260	$170	$ 5,100
Managers	58	222	145	8,410
Supervisory staff	94	160	104	9,776
Staff	184	137	90	16,560
Other (specify): Administrative	11	110	70	770
Subtotal	377			$40,616
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				

Total All-Inclusive Maximum Price

The fee quoted above are based on anticipated levels of client assistance and expertise and have been discounted from our standard hourly rates. Should any of these levels of assistance or expertise change significantly during the period of our engagement, we will need to discuss this situation with the County to determine a plan of action for the remainder of the agreement. If circumstances are encountered (i.e., unrecorded accruals, unbalanced records, significant audit journal entries, inadequate staff assistance, etc.), that cause us to spend additional time that was not planned we will discuss the situation with you prior to performing any additional services.

Our charges for additional management services are based on the level of team member necessary to perform the services. The standard hourly governmental audit billing rates are as follows:

Principal	$ 233 - 350
Senior Manager	175 - 233
Manager	160 - 175
Associate	118 - 160
Technology	170 - 255
Administrative	110 - 118

These billing rates would also apply to any management services assistance or other services the County may request that are not covered by the scope of the audit. Such services would include the comfort letter for bond issuance, preparation of the schedule of expenditures of federal awards, and the maintenance of the County's capital assets and depreciation schedules. The cost of providing these services would depend on the amount of time required to perform the services.

Four-year Fee Schedule

We propose the follow fee schedule for the years ending December 31, 2019 through 2022:

Year Ending December 31,	Financial Audit	Single Audit	Total
2019	$ 38,116	$ 2,500	$ 40,616
2020	39,700	2,500	42,200
2021	41,375	2,500	43,875
2022	43,150	2,500	45,650