

Mid-Michigan District Health Department

Single Audit Report

September 30, 2017

Table of Contents

	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	11



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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*

Independent Auditors' Report

Management and the Board of Public Health
Mid-Michigan District Health Department
Stanton, Michigan

We have audited, in accordance with the 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 governmental activities and the major fund of Mid-Michigan District Health Department as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Mid-Michigan District Health Department's basic financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-Michigan District Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Alma, Michigan
March 20, 2018



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and the Board of Public Health
Mid-Michigan District Health Department
Stanton, Michigan

Report on Compliance for Each Major Federal Program

We have audited Mid-Michigan District Health Department's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mid-Michigan District Health Department's major federal programs for the year ended September 30, 2017. Mid-Michigan District Health Department's major federal programs are 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 each of Mid-Michigan District Health Department's major federal programs 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 Mid-Michigan District Health Department'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 Mid-Michigan District Health Department's compliance.

Opinion on Each Major Federal Program

In our opinion, Mid-Michigan District Health Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of Mid-Michigan District Health Department 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 Mid-Michigan District Health Department's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Mid-Michigan District Health Department's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 governmental activities and the major fund of Mid-Michigan District Health Department, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Mid-Michigan District Health Department's basic financial statements. We issued our report thereon dated March 20, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic 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 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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
March 20, 2018

**Mid-Michigan District Health Department
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through Michigan Department of Community Health Special Nutrition Program for Women, Infants, and Children	10.557		
FY 16-17 Breastfeeding and Resident Services		IW100342	\$ 658,405
FY 16-17 Breastfeeding Services		W500342 & IW100342	<u>110,292</u>
Total Special Nutrition Program for Women, Infants, and Children			<u>768,697</u>
U.S. Environmental Protection Agency			
Passed through Michigan Department of Environmental Quality DWSRF Cluster			
State Drinking Water Revolving Loan Fund Program	66.468		
FY 16-17		FS975487-15	<u>2,198</u>
U.S. Department of Health and Human Services			
Passed Through Michigan Department of Community Health Public Health Emergency Preparedness	93.069		
FY 16-17 Bioterrorism - Hosp Preparedness+		NU90TP000528	106,726
Public Health Emergency Preparedness	93.074		
FY 16-17 Bioterrorism - Hosp Preparedness+		NU90TP921906	<u>33,916</u>
Total Public Health Emergency Preparedness			<u>140,642</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		
Tuberculosis Control		1U52PS000469301	<u>100</u>
Family Planning Services (Family Planning)	93.217		
FY 16-17		GFPHPA050173 41	<u>116,902</u>
Immunization Cooperative Agreements	93.268		
FY 16-17 IAP		H23 CCH522556	29,946
FY 16-17 Immunization MCIR		1H23IP000854	5,000
FY 16-17 Immunization Fixed Fees		H23 CCH522556	11,300
FY 16-17 Vaccine Supply - non-cash		N/A	<u>196,937</u>
Total Immunization Cooperative Agreements			<u>243,183</u>

**Mid-Michigan District Health Department
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Passed Through Michigan Department of Community Health			
Drug-Free Communities Support Program Grants	93.276		
Clinton Substance Abuse Prevention Coalition		5H79SP020468-03	\$ <u>57,822</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds FY 16-17 IAP	93.539	H23 IP000752	<u>50,561</u>
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) FY 16-17 Local Health Department Service Sharing Support	93.758	2B01OT009028	<u>25,865</u>
Medicaid Cluster			
Medical Assistance Program	93.778		
CSHCS Medicaid Elevated Blood Lead Case Mgmt		0512053-15-MAP	1,209
Care Coordination Services: Title V / XIX		05 UOSM15ADM	403
Case Management Services: Title V / XIX		05 UOSM15ADM	10,625
FY 16-17 CSHCS Outreach & Advocacy		05 UOSM15ADM	56,500
FY 16-17 CSHCS Medicaid Outreach		05 UO5M15ADM	25,933
FY 16-17 MAP - Medicaid Outreach		05 UO5M15ADM	<u>97,046</u>
Total Medicaid Assistance Program			<u>191,716</u>
Maternal and Child Health Services Block Grant to the States	93.994		
Care Coordination Services: Title V		B1MIMCHS	9,900
FY 16-17 Enabling Services Children - MCH		B1MIMCHS	13,368
FY 16-17 Enabling Services Children - MCH		B1MIMCHS	66,836
FY 16-17 Public Health Functions & Infrastructure - MCH		B1MIMCHS	20,000
FY 16-17 Family Planning Services		B1MIMCHS	<u>35,251</u>
Total Maternal and Child Health Services Block Grant to the States			<u>145,355</u>
Total U.S. Department of Health and Human Services			<u>972,146</u>
Total Expenditures of Federal Awards			<u>\$ 1,743,041</u>

Mid-Michigan District Health Department
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2017

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Mid-Michigan District Health Department (the “Department”) under programs of the federal government for the year ended September 30, 2017. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Mid-Michigan District Health Department, it is not intended to and does not present the financial position and changes in net position of Mid-Michigan District Health Department.

Note 2 – Summary of Significant Accounting Policies

Expenditures

Schedule expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

Mid-Michigan District Health Department has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Reconciliation to Financial Statements

The following is a reconciliation between the financial statements and the Schedule of Expenditures of Federal Awards.

Federal/State Revenue per financial statements	\$ 2,674,725
Less: Difference between vaccines administered (revenue per financial statements) and vaccines received (expenditures per SEFA as instructed by grantor agency)	(8,789)
Less: State grants	<u>(922,895)</u>
Total expenditures of federal awards	<u>\$ 1,743,041</u>

Note 4 – Subrecipients

No amounts were provided to subrecipients.

**Mid-Michigan District Health Department
Schedule of Findings and Questioned Costs
September 30, 2017**

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

There were no *Government Auditing Standards* findings for the year ended September 30, 2017.

SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended September 30, 2017.

**Mid-Michigan District Health Department
Summary Schedule of Prior Audit Findings
September 30, 2017**

SECTION IV - PRIOR AUDIT FINDINGS

GOVERNMENT AUDITING STANDARDS FINDINGS

2016-001 Audit Entries and Prior Period Adjustments – Material Weakness

Specific requirement: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Status: Management has made the requested changes per the auditor from the 2015-16 audit report. These were one-time changes, and have been fixed for subsequent years as well.

2016-002 Federal Procedures – Significant Deficiency

Specific requirement: Uniform Grant Guidance requires written procedures covering the following: financial management systems, cash management, payments, allowable costs, period of performance, federal timekeeping, matching or cost sharing, program income, procurement, equipment and real property, supplies, copyrights, subawards to debarred or suspended parties, monitoring and reporting program performance, financial reporting, retention and access requirements for records, and subrecipient monitoring.

Status: Management has adopted these policies during the 2016-17 fiscal year.

FEDERAL AWARD FINDINGS

There were no federal award findings for the year ended September 30, 2016.