



**CLINTON OFFICE**

1307 E. Townsend Rd.  
Saint Johns, MI 48879-9036  
(989) 224-2195

**GRATIOT OFFICE**

151 Commerce Dr.  
Ithaca, MI 48847-1627  
(989) 875-3681

**MONTCALM OFFICE**

615 N. State St.  
Stanton, MI 48888-9702  
(989) 831-5237

<b>BOARD OF HEALTH:</b>	Bruce DeLong Dwight Washington, Ph.D.	George Bailey Chuck Murphy	Betty Kellenberger Adam Petersen
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BOARD OF HEALTH  
REGULAR MEETING

At

Mid-Michigan District Health Department  
Montcalm Administrative Offices  
Stanton, Michigan

Wednesday, April 24, 2019

8:30 AM

AGENDA

*We take action to protect, maintain, and improve the health of our community.*

Pledge of Allegiance

**COMMITTEE MEMBERS:** Adam Petersen and Bruce DeLong (Chair)

**COMMITTEE MEMBERS ABSENT:** George Bailey

**STAFF:** Mark W. (Marcus) Cheatham, Ph.D., Health Officer; Melissa Bowerman, Director of Administrative Services; and Cindy Partlo, Board Secretary

Agenda Notes, Review, and Revisions:

1.
  - A. MMDHD’s Expenses for March 16 through April 12, 2019 – **Included.**
  - B. MMDHD’s Monthly Balance Sheet, Revenue and Expenditure Report for March 2019 – **Included.**
  - C. FY 17/18 Audit - Yeo & Yeo (Note: One presentation will be given at the Regular Board Meeting) – **Included and Handout**
  - D. Community Health and Education Division (CHED) Fee Changes

**MONTHLY EXPENSES FOR**  
**March 16, 2019 - April 12, 2019**

<i>EV 1895</i>	\$ 253,044.45
<i>EV 1896</i>	<u>\$ 219,840.58</u>
	<b>\$ 472,885.03</b>

**Mid-Michigan District Health Department**  
**615 North State Street, Suite 2**  
**Stanton MI 48888**  
**(989) 831-5237**

**CK#**    **EV 1895**    **3/29/2019**

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**Payables**

104980		
to	Quantum Checks & AP Direct Deposits	\$ 112,847.46
105024		

**Payroll**

MERS Employee Electronic Transfer		\$ 3,597.71
Chemical Bank Payroll-Ameriprise NBS		\$ 185.00
Chemical Bank Payroll-Nationwide		\$ 1,320.00
Chemical Bank Payroll-MERS 457		\$ 560.00
Chemical Bank Payroll Tax EFT		
Federal		\$ 30,283.20
2/1/19 Federal Tax - EV		\$ (28,489.13)
2/1/19 Federal Tax - Actual		\$ 28,489.12
State		\$ 4,774.22
Direct Deposit Payroll		\$ 99,406.77

**Bank Fees**

Chemical E-Banking fee	19-Mar	\$ 81.44
Chemical Bank Interest	19-Feb	\$ <u>(11.34)</u>

**TOTAL**    **\$ 253,044.45**

ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT	
104980	03/29/19	ALPH83 ALPHA FAMILY CENTER	101467	04/01/19	18571		\$ 300.00	\$ -	\$ 300.00	
			APRIL RENT							
		COMPUTER CHECK								
			CHECK TOTALS:					\$ 300.00	\$ -	\$ 300.00
104981	03/29/19	AMA89 AMERICAN FLOOR MATS	952064	03/07/19	18556	095929-00	\$ 138.00	\$ -	\$ 138.00	
			ENTRANCE CARPET 3X4,3X6							
		COMPUTER CHECK								
			952153	03/14/19	18594	095941-00	\$ 1,025.67	\$ -	\$ 1,025.67	
			7 CARPET MATS/REBRANDING							
			CHECK TOTALS:					\$ 1,163.67	\$ -	\$ 1,163.67
104982	03/29/19	BAR069 BARKS MARIE	101464	02/07/19	18563		\$ 173.73	\$ -	\$ 173.73	
			LUNCH/BAGGAGE DFG TRAINING							
		COMPUTER CHECK								
			CHECK TOTALS:					\$ 173.73	\$ -	\$ 173.73
104983	03/29/19	BLU008 BLUE CROSS BLUE SHIELD OF MICH	101474	03/08/19	18584		\$ 18,592.77	\$ -	\$ 18,592.77	
			0003 APRIL HEALTH INSURANCE							
		COMPUTER CHECK								
			101475	03/08/19	18585		\$ 8,334.69	\$ -	\$ 8,334.69	
			0004 APRIL HEALTH INSURANCE							
			101476	03/08/19	18586		\$ 10,899.21	\$ -	\$ 10,899.21	
			0005 APRIL HEALTH INSURANCE							
			CHECK TOTALS:					\$ 37,826.67	\$ -	\$ 37,826.67
104984	03/29/19	BLU034 BLUE CARE NETWORK	190670036360	03/08/19	18587		\$ 8,607.90	\$ -	\$ 8,607.90	
			0002 APRIL HEALTH INSURANCE							
		COMPUTER CHECK								
			CHECK TOTALS:					\$ 8,607.90	\$ -	\$ 8,607.90
104985	03/29/19	BLU035 BLUE CARE NETWORK	190670059159	03/08/19	18588		\$ 3,489.70	\$ -	\$ 3,489.70	
			0003 APRIL HEALTH INSURANCE							
		COMPUTER CHECK								
			CHECK TOTALS:					\$ 3,489.70	\$ -	\$ 3,489.70
104986	03/29/19	CAP095 CAPITAL AREA UNITED WAY	101478	03/29/19	18609		\$ 20.00	\$ -	\$ 20.00	
			3/29/19 EMPLOYEE DONATION							
		COMPUTER CHECK								
			CHECK TOTALS:					\$ 20.00	\$ -	\$ 20.00
104987	03/29/19	CDW016 CDW GOVERNMENT, INC.	RHT8613	03/01/19	18555	095924-00	\$ 855.64	\$ -	\$ 855.64	
			GALAXY TAB,OTTERBOX,MONITORS							
		COMPUTER CHECK								
			RJP0423	03/05/19	18600	095925-00	\$ 25.57	\$ -	\$ 25.57	
			WIRELESS MOUSE							
			RKC1360	03/07/19	18593	095928-00	\$ 4,230.16	\$ -	\$ 4,230.16	
			LENOVO THINKCTR PC'S							
			RLR3998	03/13/19	18592	095938-00	\$ 217.95	\$ -	\$ 217.95	
			APC BACK UP BATTERY							
			RML4226	03/15/19	18598	095945-00	\$ 25.57	\$ -	\$ 25.57	
			PHONE CHARGER							

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104987	03/29/19	CDW016 CDW GOVERNMENT, INC.	RMS3765	03/18/19	18599	095925-0C LENOVO COMPUTER	\$ 1,000.68	\$ -	\$ 1,000.68
			CHECK TOTALS:				\$ 6,355.57	\$ -	\$ 6,355.57
104988	03/29/19	CEN021 CENTRAL MI DIST HEALTH DEPT	101472	03/18/19	18581	FEBRUARY MD	\$ 4,542.39	\$ -	\$ 4,542.39
		COMPUTER CHECK	CHECK TOTALS:				\$ 4,542.39	\$ -	\$ 4,542.39
104989	03/29/19	CLI092 CLINTON COUNTY ADMIN/ACCT	AC-2019-008	03/01/19	18568	APRIL RENT	\$ 1,966.67	\$ -	\$ 1,966.67
		COMPUTER CHECK	CHECK TOTALS:				\$ 1,966.67	\$ -	\$ 1,966.67
104990	03/29/19	COH003 COHL, STOKER & TOSKEY	50032	03/06/19	18561	FEBRUARY LEGAL	\$ 1,053.80	\$ -	\$ 1,053.80
		COMPUTER CHECK	CHECK TOTALS:				\$ 1,053.80	\$ -	\$ 1,053.80
104991	03/29/19	COV178 COVENANT MEDICAL CENTER	101465	03/04/19	18564	LAB	\$ 58.60	\$ -	\$ 58.60
		COMPUTER CHECK	CHECK TOTALS:				\$ 58.60	\$ -	\$ 58.60
104992	03/29/19	CRY023 CASAIR-CRYSTAL AUTO SYSTEM	498327	03/18/19	18582	7/18-3/19 PRICE INCREASE	\$ 450.00	\$ -	\$ 450.00
		COMPUTER CHECK	CHECK TOTALS:				\$ 450.00	\$ -	\$ 450.00
104993	03/29/19	DEL007 DELTA DENTAL OF MICHIGAN	0002204915	03/11/19	18589	APRIL DENTAL INSURANCE	\$ 4,143.74	\$ -	\$ 4,143.74
		COMPUTER CHECK	CHECK TOTALS:				\$ 4,143.74	\$ -	\$ 4,143.74
104994	03/29/19	E&S003 E&S GRAPHICS INC	61352	03/18/19	18595	095943-0C NEW LOGO NOTE CARDS 500	\$ 125.00	\$ -	\$ 125.00
		COMPUTER CHECK	CHECK TOTALS:				\$ 125.00	\$ -	\$ 125.00
104995	03/29/19	GRAT92 GRATIOT INTEGRATED HLTH NTWK	101468	04/01/19	18572	APRIL RENT	\$ 100.00	\$ -	\$ 100.00
		COMPUTER CHECK	CHECK TOTALS:				\$ 100.00	\$ -	\$ 100.00
104996	03/29/19	HOS101 HOSPITAL NETWORK HEALTHCARE	58453	02/28/19	18569	CLINTON SHARP PICKUP	\$ 55.00	\$ -	\$ 55.00
		COMPUTER CHECK	CHECK TOTALS:				\$ 55.00	\$ -	\$ 55.00
104997	03/29/19	IMP002 IMPREST CASH-MONTCALM	101473	03/15/19	18583	ADMIN REFUND	\$ 70.03	\$ -	\$ 70.03
		COMPUTER CHECK	CHECK TOTALS:				\$ 70.03	\$ -	\$ 70.03
104998	03/29/19	INSP25 INSPIRATION STUDIO DESIGN	1849	01/26/19	18604	DFG DESIGN WORK	\$ 312.50	\$ -	\$ 312.50
		COMPUTER CHECK							

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CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT	
104998	03/29/19	INSP25 INSPIRATION STUDIO DESIGN	1886	03/04/19	18565		\$ 218.75	\$ -	\$ 218.75	
			UPDATE COUNTY INFOGRAPHICS							
			CHECK TOTALS:					\$ 531.25	\$ -	\$ 531.25
104999	03/29/19	JETS37 JETS SPEED PRINTING	42401	02/26/19	18566		\$ 241.40	\$ -	\$ 241.40	
			800 TALK SOONER POSTCARDS							
		COMPUTER CHECK	CHECK TOTALS:					\$ 241.40	\$ -	\$ 241.40
105000	03/29/19	KEN014 KENT COUNTY HEALTH DEPARTMENT	EH022819-555555	03/01/19	18562		\$ 1,546.00	\$ -	\$ 1,546.00	
			WATER LABS							
		COMPUTER CHECK	CHECK TOTALS:					\$ 1,546.00	\$ -	\$ 1,546.00
105001	03/29/19	KOEN54 KOENIGSKNECHT MADISON	101471	03/15/19	18579		\$ 116.58	\$ -	\$ 116.58	
			INTERN TRAVEL							
		COMPUTER CHECK	101479	03/01/19	18578		\$ 162.40	\$ -	\$ 162.40	
			INTERN TRAVEL							
			CHECK TOTALS:					\$ 278.98	\$ -	\$ 278.98
105002	03/29/19	LAK069 LAKESIDE ELECTRIC	1111	03/01/19	18545	095733-00	\$ 1,300.00	\$ -	\$ 1,300.00	
			INSTALL ELECTRIC DOORS GBO/MBO							
		COMPUTER CHECK	CHECK TOTALS:					\$ 1,300.00	\$ -	\$ 1,300.00
105003	03/29/19	LIN061 LINCOLN FINANCIAL GROUP	101469	03/09/19	18576		\$ 2,091.98	\$ -	\$ 2,091.98	
			APRIL LIFE/LTD/AD&D							
		COMPUTER CHECK	CHECK TOTALS:					\$ 2,091.98	\$ -	\$ 2,091.98
105004	03/29/19	LIT005 LITWILLERS TRACY & KATHY	385645	03/09/19	18606		\$ 1,656.00	\$ -	\$ 1,656.00	
			CATER MONTCALM FOOD SUMMIT							
		COMPUTER CHECK	CHECK TOTALS:					\$ 1,656.00	\$ -	\$ 1,656.00
105005	03/29/19	MCK032 MCKESSON MEDICAL	48526795	03/01/19	18548	095806-00	\$ 92.87	\$ -	\$ 92.87	
			SPECULUMS							
		COMPUTER CHECK	48546428	03/01/19	18549	095806-00	\$ 460.94	\$ -	\$ 460.94	
			GLOVES, TABLEPAPER, JELLY, WIPES							
			48550186	03/01/19	18553	095914-00	\$ 815.13	\$ -	\$ 815.13	
			GLOVES, WIPES, TOWELS, LANCETS							
			48551753	03/01/19	18554	095914-00	\$ 26.70	\$ -	\$ 26.70	
			LANCET DEVICE							
			48554853	03/01/19	18550	095806-00	\$ 96.04	\$ -	\$ 96.04	
			MULTIFOLD HAND TOWELS							
			48957760	03/06/19	18552	095914-00	\$ 39.60	\$ -	\$ 39.60	
			FRESHNERS							
			48957764	03/06/19	18551	095806-00	\$ 26.03	\$ -	\$ 26.03	
			PAPER BAGS							

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105005	03/29/19	MCK032 MCKESSON MEDICAL	49563358	03/14/19	18603	095932-0C	\$ 101.01	\$ -	\$ 101.01
			NITRILE GLOVES						
			CHECK TOTALS:				\$ 1,658.32	\$ -	\$ 1,658.32
105006	03/29/19	MED144 MEDIBADGE	805190	03/01/19	18613		\$ 132.75	\$ -	\$ 132.75
			COMPUTER CHECK						
			CHECK TOTALS:				\$ 132.75	\$ -	\$ 132.75
105007	03/29/19	MER016 MERCK & CO INC	7012920890	03/14/19	18596	095934-00	\$ 4,086.08	\$ -	\$ 4,086.08
			COMPUTER CHECK						
			7012922047	03/14/19	18597	095934-0C	\$ 2,001.12	\$ -	\$ 2,001.12
			MMR,VARIVAX VACCINE						
			CHECK TOTALS:				\$ 6,087.20	\$ -	\$ 6,087.20
105008	03/29/19	MIC007 MICHIGAN PUBLIC HEALTH INST	55741	12/17/18	18573		\$ 45.00	\$ -	\$ 45.00
			COMPUTER CHECK						
			57105	03/06/19	18575		\$ 25.00	\$ -	\$ 25.00
			JACQUE STRACK						
			57155	03/08/19	18574		\$ 25.00	\$ -	\$ 25.00
			LAURA FINN						
			CHECK TOTALS:				\$ 95.00	\$ -	\$ 95.00
105009	03/29/19	MIC200 MICHIGAN FOOD & FARMING S	823	03/19/19	18607		\$ 350.00	\$ -	\$ 350.00
			COMPUTER CHECK						
			CHECK TOTALS:				\$ 350.00	\$ -	\$ 350.00
105010	03/29/19	MIS004 MISDU - FRIEND OF COURT	101478	03/29/19	18608		\$ 483.54	\$ -	\$ 483.54
			COMPUTER CHECK						
			3/29/19 EMPLOYEE DEDUCTIONS						
			CHECK TOTALS:				\$ 483.54	\$ -	\$ 483.54
105011	03/29/19	NSF031 NSF INTERNATIONAL	179827	02/15/19	18535	095802-0C	\$ 3,768.00	\$ -	\$ 3,768.00
			COMPUTER CHECK						
			200 HEALTHGUARD FOOD MANUALS						
			CHECK TOTALS:				\$ 3,768.00	\$ -	\$ 3,768.00
105012	03/29/19	OFF015 OFFICE DEPOT	266054800001	03/05/19	18547	095782-0C	\$ 89.99	\$ -	\$ 89.99
			COMPUTER CHECK						
			WHEELED ROLLING CASE						
			278547188001	03/04/19	18539	095913-00	\$ 163.15	\$ -	\$ 163.15
			LABELS,PACKINGTAPE,BATTERIES						
			281815252001	03/04/19	18538	095921-0C	\$ 55.85	\$ -	\$ 55.85
			POUCH LETTER						
			281817775001	03/04/19	18540	095809-0C	\$ 60.96	\$ -	\$ 60.96
			BATTERIES,ADDING MACHINE TAPE						
			281831679001	03/04/19	18541	095918-0C	\$ 40.48	\$ -	\$ 40.48
			BATTERIES,PENS						
			CHECK TOTALS:				\$ 410.43	\$ -	\$ 410.43

ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT
105013	03/29/19	POL010 POLYMEDCO INC	1104199	03/01/19	18542	095805-00	\$ 176.31	\$ -	\$ 176.31
		COMPUTER CHECK							
							\$ 176.31	\$ -	\$ 176.31
105014	03/29/19	QUI003 QUILL CORPORATION	5462028	02/28/19	18546	095923-0C	\$ 53.98	\$ -	\$ 53.98
		COMPUTER CHECK							
							\$ 119.97	\$ -	\$ 119.97
							\$ 173.95	\$ -	\$ 173.95
105015	03/29/19	R&S005 R&S NORTHEAST LLC	191054	03/01/19	18557	095808-0C	\$ 170.76	\$ -	\$ 170.76
		COMPUTER CHECK							
							\$ 468.60	\$ -	\$ 468.60
							\$ 639.36	\$ -	\$ 639.36
105016	03/29/19	STA225 STATCOURIER	1019-1205	02/28/19	18580		\$ 800.00	\$ -	\$ 800.00
		COMPUTER CHECK							
							\$ 800.00	\$ -	\$ 800.00
105017	03/29/19	STO229 STOLTZ JOSH	101477	03/15/19	18605		\$ 120.00	\$ -	\$ 120.00
		COMPUTER CHECK							
							\$ 120.00	\$ -	\$ 120.00
105018	03/29/19	TEA031 TEAM FINANCIAL GROUP, INC	00005673	03/11/19	18560		\$ 240.92	\$ -	\$ 240.92
		COMPUTER CHECK							
							\$ 1,470.79	\$ -	\$ 1,470.79
							\$ 2,459.37	\$ -	\$ 2,459.37
							\$ 4,171.08	\$ -	\$ 4,171.08
105019	03/29/19	UNI001 UNITED WAY OF MONTCALM CO	101478	03/29/19	18611		\$ 60.00	\$ -	\$ 60.00
		COMPUTER CHECK							
							\$ 60.00	\$ -	\$ 60.00
105020	03/29/19	UNI009 UNITED WAY OF GRATIOT CO	101478	03/29/19	18610		\$ 75.00	\$ -	\$ 75.00
		COMPUTER CHECK							
							\$ 75.00	\$ -	\$ 75.00
105021	03/29/19	UPS002 UNITED PARCEL SERVICE	423867119	03/16/19	18577		\$ 8.19	\$ -	\$ 8.19
		COMPUTER CHECK							
							\$ 8.19	\$ -	\$ 8.19



ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT
105022	03/29/19	VALL25 VALLEY FARMS BAPTIST CHURCH	101466	04/01/19	18570		\$ 100.00	\$ -	\$ 100.00
COMPUTER CHECK			APRIL RENT						
CHECK TOTALS:							\$ 100.00	\$ -	\$ 100.00
105023	03/29/19	WAT077 WATKINS SURGICAL SUPPLY	0000480963	03/05/19	18536	095807-00	\$ 390.25	\$ -	\$ 390.25
COMPUTER CHECK			RIFAMPIN-4bottles						
CHECK TOTALS:							\$ 390.25	\$ -	\$ 390.25
105024	03/29/19	YEO010 YEO & YEO PC CPA	436449	02/28/19	18567		\$ 15,000.00	\$ -	\$ 15,000.00
COMPUTER CHECK			FY18 AUDIT						
CHECK TOTALS:							\$ 15,000.00	\$ -	\$ 15,000.00
BANK CODE TOTALS:							\$112,847.46	\$ -	\$112,847.46
45 COMPUTER CHECKS									
0 MANUAL PAYMENT CHECKS									
0 VOID CHECKS - TRX									
0 VOID CHECKS - STUBS									
0 VOID CHECKS - ERROR									
0 VOID CHECKS - FORM ALIGNMENT									
0 DIRECT DEPOSITS									
45 CHECKS TOTAL									
COMPANY TOTALS:							\$112,847.46	\$ -	\$112,847.46

**Mid-Michigan District Health Department  
615 North State Street, Suite 2  
Stanton MI 48888  
(989) 831-5237**

**CK# EV 1896 4/12/2019**

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**Payables**

105025			
to	Quantum Checks & AP Direct Deposits	\$	40,496.83
105055			

**Payroll**

AFLAC Employee Deduction		\$	652.75
MERS Employee Electronic Transfer		\$	3,578.05
Chemical Bank Payroll-Ameriprise NBS		\$	185.00
Chemical Bank Payroll-Nationwide		\$	1,320.00
Chemical Bank Payroll-MERS 457		\$	560.00
Chemical Bank Payroll Tax EFT			
Federal		\$	28,362.44
State		\$	4,514.00
MERS Employer Electronic Transfer	19-Mar	\$	40,447.80
Direct Deposit Payroll		\$	99,731.49

**Bank Fees**

Chemical Bank Interest	19-Mar	\$	<u>(7.78)</u>
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<b>TOTAL</b>	<b>\$ 219,840.58</b>
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ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT
259	04/12/19	KELO38 KELLENBERGER BETTY	101484	03/27/19	18652		\$ 62.84	\$ -	\$ 62.84
		DIRECT DEPOSIT							
							\$ 62.84	\$ -	\$ 62.84
105025	04/12/19	21ST 21ST CENTURY MEDIA	1764647	03/31/19	18655		\$ 226.80	\$ -	\$ 226.80
		COMPUTER CHECK							
							\$ 226.80	\$ -	\$ 226.80
105026	04/12/19	AGR071 AGROLIQUID	123	11/02/18	18666		\$ 100.00	\$ -	\$ 100.00
		COMPUTER CHECK							
							\$ 100.00	\$ -	\$ 100.00
105027	04/12/19	CAP095 CAPITAL AREA UNITED WAY	1832	04/04/19	18658		\$18,283.20	\$ -	\$18,283.20
		COMPUTER CHECK							
							\$18,283.20	\$ -	\$18,283.20
105028	04/12/19	CAP095 CAPITAL AREA UNITED WAY	101487	04/08/19	18663		\$ 20.00	\$ -	\$ 20.00
		COMPUTER CHECK							
							\$ 20.00	\$ -	\$ 20.00
105029	04/12/19	CDW016 CDW GOVERNMENT, INC.	3032614	03/05/19	18660		\$ 198.00	\$ -	\$ 198.00
		COMPUTER CHECK							
							\$ 198.00	\$ -	\$ 198.00
105030	04/12/19	COM047 COMMUNITY MENTAL HEALTH	101485	03/28/19	18653		\$ 2,600.00	\$ -	\$ 2,600.00
		COMPUTER CHECK							
							\$ 2,600.00	\$ -	\$ 2,600.00
105031	04/12/19	CRY023 CASAIR-CRYSTAL AUTO SYSTEM	500946	04/01/19	18647		\$ 850.00	\$ -	\$ 850.00
		COMPUTER CHECK							
							\$ 850.00	\$ -	\$ 850.00
105032	04/12/19	GRA009 GRATIOT COUNTY HERALD	95	03/29/19	18654		\$ 102.60	\$ -	\$ 102.60
		COMPUTER CHECK							
							\$ 102.60	\$ -	\$ 102.60
105033	04/12/19	GSK052 GLAXO SMITH KLINE	8252744940	03/14/19	18619	095933-00	\$ 697.68	\$ -	\$ 697.68
		COMPUTER CHECK							
			8252744941	03/14/19	18618	095933-00	\$ 447.52	\$ -	\$ 447.52
							\$ 1,145.20	\$ -	\$ 1,145.20
105034	04/12/19	HEM120 HEMOCUE AMERICA	3137377	03/26/19	18620	095926-00	\$ 234.00	\$ -	\$ 234.00
		COMPUTER CHECK							
							\$ 234.00	\$ -	\$ 234.00

ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT
105035	04/12/19	HOS101 HOSPITAL NETWORK HEALTHCARE	58725	03/27/19	18656		\$ 160.00	\$ -	\$ 160.00
		COMPUTER CHECK	PHARMACEUTICAL WASTE BAGS 4						
			CHECK TOTALS: \$ 160.00 \$ - \$ 160.00						
105036	04/12/19	JETS37 JETS SPEED PRINTING	42473	03/19/19	18659		\$ 877.50	\$ -	\$ 877.50
		COMPUTER CHECK	500 RESOURCE DIRECTORY BOOKS						
			CHECK TOTALS: \$ 877.50 \$ - \$ 877.50						
105037	04/12/19	MAL010 MALPH	101486	03/30/19	18661		\$ 3,276.76	\$ -	\$ 3,276.76
		COMPUTER CHECK	2Q19 CJS GRANT						
			CHECK TOTALS: \$ 3,276.76 \$ - \$ 3,276.76						
105038	04/12/19	MCK032 MCKESSON MEDICAL	50195657	03/22/19	18627	095946-00	\$ 146.57	\$ -	\$ 146.57
		COMPUTER CHECK	PAPER TOWELS,CLORAX WIPES,BABY WIPES						
			CHECK TOTALS: \$ 146.57 \$ - \$ 146.57						
105039	04/12/19	MED144 MEDIBADGE	806223	03/14/19	18626	095936-00	\$ 462.47	\$ -	\$ 462.47
		COMPUTER CHECK	STICKERS						
			CHECK TOTALS: \$ 462.47 \$ - \$ 462.47						
105040	04/12/19	MIC006 MICHIGAN DEPT OF AGRICULTURE	791-10418418	03/19/19	18650		\$ 180.00	\$ -	\$ 180.00
		COMPUTER CHECK	MONTCALM FOOD						
			CHECK TOTALS: \$ 180.00 \$ - \$ 180.00						
105041	04/12/19	MIC086 MICHIGAN ORAL HEALTH COALITION	1868	04/04/19	18635		\$ 275.00	\$ -	\$ 275.00
		COMPUTER CHECK	SHELLEY TREYNOR						
			CHECK TOTALS: \$ 275.00 \$ - \$ 275.00						
105042	04/12/19	MIS004 MISDU - FRIEND OF COURT	101487	04/08/19	18662		\$ 483.54	\$ -	\$ 483.54
		COMPUTER CHECK	4/12/19 EMPLOYEE DEDUCTIONS						
			CHECK TOTALS: \$ 483.54 \$ - \$ 483.54						
105043	04/12/19	NAT016 NRFSP	INV101875	02/28/19	18651		\$ 550.00	\$ -	\$ 550.00
		COMPUTER CHECK	9566791-1 FOOD TESTS						
			CHECK TOTALS: \$ 550.00 \$ - \$ 550.00						
105044	04/12/19	OFF015 OFFICE DEPOT	287626269001	03/15/19	18625	095937-00	\$ 215.78	\$ -	\$ 215.78
		COMPUTER CHECK	COPYPAPER,LABELS,BATTERIES						
			287639068001	03/15/19	18624	095937-00	\$ 5.69	\$ -	\$ 5.69
			ERASER CAPS						
			287639069001	03/15/19	18623	095937-00	\$ 5.22	\$ -	\$ 5.22
			SCRAPER SAFETY						
			287639070001	03/19/19	18629	095937-00	\$ 10.29	\$ -	\$ 10.29
			SINGLE RAZOR BLADES						

ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT	
105044	04/12/19	OFF015 OFFICE DEPOT	290121296001	03/20/19	18614	095940-00	\$ 13.56	\$ -	\$ 13.56	
			INDEX DIVIDERS							
			290121844001	03/20/19	18616	095940-00	\$ 85.55	\$ -	\$ 85.55	
			BATTERIES,DIVIDERS,RUBBERBANDS							
			290123821001	03/20/19	18617	095942-00	\$ 200.10	\$ -	\$ 200.10	
			COPY PAPER							
			291766898001	03/22/19	18622	095949-00	\$ 55.60	\$ -	\$ 55.60	
			HIGHLIGHTERS,MOUNTING TAPE							
			291786189001	03/22/19	18630	095949-00	\$ 51.99	\$ -	\$ 51.99	
			PUNCH HOLE							
			CHECK TOTALS:					\$ 643.78	\$ -	\$ 643.78
105045	04/12/19	QUII003 QUILL CORPORATION	5996957	03/21/19	18621	095948-00	\$ 77.98	\$ -	\$ 77.98	
			INK							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 77.98	\$ -	\$ 77.98
105046	04/12/19	R&S005 R&S NORTHEAST LLC	193321	03/21/19	18628	095947-00	\$ 336.60	\$ -	\$ 336.60	
			SPRINTEC CONTRACEPTIVES							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 336.60	\$ -	\$ 336.60
105047	04/12/19	SPA230 SPARROW PATIENT FINANCIAL	218514	03/15/19	18657		\$ 15.00	\$ -	\$ 15.00	
			STODDARD FIT REVIEW							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 15.00	\$ -	\$ 15.00
105048	04/12/19	STA008 STATE OF MICHIGAN-MDHHS LAB	14773202019	03/20/19	18648		\$ 23.00	\$ -	\$ 23.00	
			LABS							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 23.00	\$ -	\$ 23.00
105049	04/12/19	UNI001 UNITED WAY OF MONTCALM CO	101487	04/08/19	18665		\$ 60.00	\$ -	\$ 60.00	
			4/12/19 EMPLOYEE DONATIONS							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 60.00	\$ -	\$ 60.00
105050	04/12/19	UNI009 UNITED WAY OF GRATIOT CO	101487	04/08/19	18664		\$ 75.00	\$ -	\$ 75.00	
			4/12/19 EMPLOYEE DONATIONS							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 75.00	\$ -	\$ 75.00
105051	04/12/19	UPS002 UNITED PARCEL SERVICE	423867139	03/30/19	18649		\$ 9.29	\$ -	\$ 9.29	
			RETURN MEDS							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 9.29	\$ -	\$ 9.29
105052	04/12/19	USA021 USA TODAY NETWORK	0002322628	04/04/19	18667		\$ 5.39	\$ -	\$ 5.39	
			PRIOR BALANCE - DFG							
			COMPUTER CHECK							
			CHECK TOTALS:					\$ 5.39	\$ -	\$ 5.39

ACCOUNTS PAYABLE CHECK REGISTER

CHECK NO	CHECK\VOID DATE	REMIT-TO NAME VENDOR-#	INVOICE NO	INVOICE DATE	VOUCH#	P.O.-NO	AMOUNT PAID	DISCOUNT TAKEN	CHECK AMOUNT
105053	04/12/19	VER004 VERIZON	9826865580	03/23/19	18645		\$ 2,074.51	\$ -	\$ 2,074.51
COMPUTER CHECK									
CHECK TOTALS:							\$ 2,074.51	\$ -	\$ 2,074.51
105054	04/12/19	WINN73 WINN TELECOM	101483	04/01/19	18646		\$ 2,682.64	\$ -	\$ 2,682.64
COMPUTER CHECK									
CHECK TOTALS:							\$ 2,682.64	\$ -	\$ 2,682.64
105055	04/12/19	FIR003 FIRST NATIONAL BANK OMAHA	101479	04/03/19	18636		\$ 116.34	\$ -	\$ 116.34
COMPUTER CHECK									
			101480	04/03/19	18637		\$ 254.32	\$ -	\$ 254.32
			MEALS/PARKING						
			101481	04/03/19	18638		\$ 830.40	\$ -	\$ 830.40
			HOTEL/PAGER						
			101482	04/03/19	18639		\$ 1,324.65	\$ -	\$ 1,324.65
			HOTEL/TRAINING/POSTAGE SUPPLY						
			101482-1	04/03/19	18640	095912-00	\$ 35.91	\$ -	\$ 35.91
			WALL DECALS						
			101482-2	04/03/19	18641	095930-00	\$ 402.46	\$ -	\$ 402.46
			19 SIGN HOLDERS						
			101482-3	04/03/19	18642	095935-00	\$ 17.99	\$ -	\$ 17.99
			3PK SIGNS						
			101482-4	04/03/19	18643	095939-00	\$ 291.49	\$ -	\$ 291.49
			SWIVEL/GLIDER RECLINER						
			101482-5	04/03/19	18644	095944-00	\$ 985.60	\$ -	\$ 985.60
			3 BOXES STAMPED ENVELOPES						
CHECK TOTALS:							\$ 4,259.16	\$ -	\$ 4,259.16
BANK CODE TOTALS:							\$40,496.83	\$ -	\$40,496.83
31 COMPUTER CHECKS									
0 MANUAL PAYMENT CHECKS									
0 VOID CHECKS - TRX									
0 VOID CHECKS - STUBS									
0 VOID CHECKS - ERROR									
0 VOID CHECKS - FORM ALIGNMENT									
1 DIRECT DEPOSITS									
32 CHECKS TOTAL									
COMPANY TOTALS:							\$40,496.83	\$ -	\$40,496.83

**Mid-Michigan District Health Department  
Monthly Balance Sheet, Revenue and Expenditure Report  
March 2019**

**Summary and Special Notes**

As of the end of March, actual revenues and expenditures should be approximately 50% of the \$6,150,092 total budget. The total revenues through March were \$2,652,831.77 and the total expenses were \$2,637,847.50. The overall actual revenues and expenditures (adjusting for in-kind space costs and Vaccines for Children) were at 57% each, representing a small surplus of \$14,984.27.

The deficit includes the revenue for the Community Health Worker (CHW) program of \$506,000 and the \$500,000 retirement payment that was approved by the Board of Health last year. Only part of that revenue will be included in the current year, so factoring that out, there would be a surplus of approximately \$75,000.

An amendment proposal is also included to align items as we are halfway through the year.

Some highlights of the proposed amendment include:

**Revenues**

- **MDHHS Grants (line 23)** – The budget change included funding for Hepatitis A and slight increases in other grants.
- **Medicaid Outreach (line 28)** – The budget decrease is due to changes in staffing allocation to outreach.
- **Medicaid Full Cost Reimbursement (line 29)** – The adjustment represents an increase. This may change again when the cost report is submitted this month but this is based on what has been received.

**Expenses**

- **Salaries and Benefits (lines 2, 3, 4, 6, 7, 9)** – A decrease in the budgeted amount is due to vacancies and differences in benefits selected.
- **Contractual (line 18)** – Due to grant funding, there is an increase in the budgeted amount in the contractual line item.
- **Advertising (line 22)** – Advertising for Drug Free Communities and for the Hepatitis A funding is now included in the budgeted amount.

Mid-Michigan District Health Departm		MARCH	50%	FY 2019	AP: 6	MARCH	
<b>Revenue</b>							
Account	Budget	Current Month	Year-to-Date	Budget Balance	YTD% of Budget	Proposed Amendment	Increase/Decrease from Original Budget
1 Onsite Sewage	171,959.00	12,928.00	59,902.00	112,057.00	35%	171,959.00	0.00
2 Groundwater Quality	164,326.00	10,613.00	47,548.00	116,778.00	29%	164,326.00	0.00
3 Food Service	281,775.00	263,324.00	284,829.00	-3,054.00	101%	281,775.00	0.00
4 Campgrounds	3,240.00	3,780.00	3,976.00	-736.00	123%	5,000.00	1,760.00
5 Swimming Pools	6,055.00	0.00	0.00	6,055.00	0%	6,055.00	0.00
6 Waste Haulers	1,000.00	2,411.00	4,463.50	-3,463.50	446%	6,000.00	5,000.00
7 DHS Facility Inspections	31,486.00	632.00	12,410.00	19,076.00	39%	31,486.00	0.00
8 Body Art Fees	1,300.00	629.00	975.00	325.00	75%	1,300.00	0.00
9 EH Misc Fees	2,570.00	104.32	1,038.42	1,531.58	40%	2,570.00	0.00
10 Vision Fees	26,500.00	634.80	7,350.40	19,149.60	28%	26,500.00	0.00
11 Hearing Fees	23,000.00	720.00	11,058.80	11,941.20	48%	23,000.00	0.00
12 Communicable Disease Fees	2,000.00	0.00	240.00	1,760.00	12%	2,000.00	0.00
13 Immunization Fees	140,000.00	2,026.11	91,489.20	48,510.80	65%	140,000.00	0.00
14 Family Planning/STD Fees	109,800.00	16,869.33	44,258.59	65,541.41	40%	109,800.00	0.00
15 Breast Cancer Fees	3,000.00	173.67	1,507.87	1,492.13	50%	3,000.00	0.00
16 Lead Fees	15,000.00	225.69	7,865.62	7,134.38	52%	15,000.00	0.00
17 Varnish Fees	20,000.00	-3,273.75	7,320.00	12,680.00	37%	15,000.00	-5,000.00
18 Breastfeeding Fees	20,000.00	4,312.04	7,158.65	12,841.35	36%	15,000.00	-5,000.00
19 Ched Miscellaneous Fees	400.00	382.04	412.04	-12.04	103%	400.00	0.00
20 Miscellaneous Other Fees	100.00	15.00	265.35	-165.35	265%	100.00	0.00
21 Deferred Revenues - Billing	0.00	0.00	-5,783.40	5,783.40	0%	0.00	0.00
22 VFC/317 Vaccine Revenue	300,000.00	10,316.70	91,339.08	208,660.92	30%	300,000.00	0.00
23 MDHHS Grants	1,558,839.00	136,784.00	796,007.87	762,831.13	51%	1,665,839.00	107,000.00
24 Essential Local Public Health Services	835,957.00	75,179.00	422,012.00	413,945.00	50%	840,957.00	5,000.00



25 MDHHS Fee For Service Revenue	63,500.00	10,968.96	23,043.46	40,456.54	36%	55,000.00	-8,500.00
26 DEQ Grants	77,255.00	5,546.50	29,566.10	47,688.90	38%	77,255.00	0.00
27 Other Grants/Community Support	578,480.00	16,747.31	109,704.04	468,775.96	19%	550,000.00	-28,480.00
28 Medicaid Outreach	154,000.00	0.00	26,334.58	127,665.42	17%	100,000.00	-54,000.00
29 Medicaid Full Cost Reimbursement	157,822.00	0.00	216,426.00	-58,604.00	137%	200,000.00	42,178.00
30 Interest	8,000.00	-3,653.91	14,333.90	-6,333.90	179%	20,000.00	12,000.00
31 Misc Revenue	0.00	0.00	0.00	0.00	0%	11,045.00	11,045.00
32 Donations	6,200.00	1,046.53	1,047.28	5,152.72	17%	3,000.00	-3,200.00
33 Cash Over/Short	0.00	0.00	0.00	0.00	0%	0.00	0.00
34 Clinton Co - Appropriation	400,141.00	33,345.09	197,761.50	202,379.50	49%	400,141.00	0.00
35 Gratiot Co - Appropriation	287,764.00	23,980.34	143,882.00	143,882.00	50%	287,764.00	0.00
36 Montcalm Co - Appropriation	427,573.00	32,612.93	195,677.52	231,895.48	46%	427,573.00	0.00
37 Prior Year Adjustments	0.00	-400.00	-1,634.27	1,634.27	0%	0.00	0.00
38 Space Occupancy	271,050.00	25,243.00	151,469.00	119,581.00	56%	300,000.00	28,950.00
39 Deferred Revenues/Fund Balance- Other	0.0	0.00	506,989.40	-506,989.40	0%	0.0	0.0
TOTAL REVENUE:	6,150,092.00	684,222.70	3,512,244.50	2,637,847.50	57%	6,258,845.00	108,753.00
W/O SPACE & VFC	5,579,042.00	648,663.00	3,269,436.42	2,309,605.58	59%	5,658,845.00	

Mid-Michigan District Health Departm		MARCH	50%	FY 2019	AP: 6	MARCH	
<b>Expenditure</b>							
Account	Budget	Current Month	Year-to-Date	Budget Balance	YTD% of Budget	Proposed Amendment	Increase/Decrease from Original Budget
1 Board of Health Per Diem	6,000.00	372.00	1,731.02	4,268.98	29%	4,000.00	-2,000.00
2 Salaries	3,302,869.00	265,310.63	1,620,054.53	1,682,814.47	49%	3,260,869.00	-42,000.00
3 FICA	252,670.00	19,838.52	119,409.71	133,260.29	47%	245,000.00	-7,670.00
4 Health Insurance	689,135.00	52,196.33	311,361.00	377,774.00	45%	660,000.00	-29,135.00
5 Dental Insurance	45,362.00	3,433.46	20,233.66	25,128.34	45%	45,362.00	0.00
6 Retirement	355,895.00	40,447.80	168,685.06	187,209.94	47%	345,000.00	-10,895.00
7 Work Comp	38,552.00	1,331.65	8,550.25	30,001.75	22%	32,000.00	-6,552.00
8 Unemployment Comp	5,199.00	0.00	1,490.49	3,708.51	29%	5,199.00	0.00
9 Life Insurance	6,595.00	479.83	1,994.88	4,600.12	30%	5,000.00	-1,595.00
10 Physicals/memberships	0.00	0.00	0.00	0.00	0%	0.00	0.00
11 Printed Materials	4,350.00	1,373.11	3,266.48	1,083.52	75%	8,000.00	3,650.00
12 Postage	29,200.00	1,990.27	7,052.45	22,147.55	24%	29,200.00	0.00
13 Office Supplies	54,195.00	8,569.40	26,370.35	27,824.65	49%	54,195.00	0.00
14 Computer/Printer Supplies	36,800.00	8,513.23	17,352.39	19,447.61	47%	45,000.00	8,200.00
15 Medical Supplies	69,800.00	4,299.85	21,520.22	48,279.78	31%	69,800.00	0.00
16 CD Meds Biologics	78,600.00	8,405.46	32,354.44	46,245.56	41%	78,600.00	0.00
17 VFC Supplies	300,000.00	10,316.70	91,339.08	208,660.92	30%	300,000.00	0.00
18 Contractual Services	99,000.00	46,373.84	142,146.73	-43,146.73	144%	175,000.00	76,000.00
19 Legal Expenses	9,000.00	2,345.00	4,226.27	4,773.73	47%	9,000.00	0.00
20 Communications	72,310.00	10,824.86	37,717.70	34,592.30	52%	72,310.00	0.00
21 Travel	150,550.00	12,644.77	70,315.39	80,234.61	47%	150,550.00	0.00
22 Advertising & Recruitment	14,000.00	334.79	6,815.85	7,184.15	49%	75,000.00	61,000.00
23 Liability Insurance	32,000.00	2,951.25	17,707.50	14,292.50	55%	35,000.00	3,000.00
24 Equipment Maintenance/Lease	54,700.00	-30.00	35,349.96	19,350.04	65%	65,000.00	10,300.00

25 Rent	8,500.00	2,266.67	16,117.99	-7,617.99	190%	30,000.00	21,500.00
26 Space Occupancy	270,050.00	25,243.00	151,469.00	118,581.00	56%	300,000.00	29,950.00
27 Training	24,000.00	7,717.87	17,954.54	6,045.46	75%	24,000.00	0.00
28 Memberships/Certifications/Subscriptions	19,560.00	3,428.88	17,949.14	1,610.86	92%	19,560.00	0.00
29 Tuition Reimbursement	0.00	0.00	0.00	0.00	0%	0.00	0.00
30 Laboratory	8,000.00	93.10	868.06	7,131.94	11%	3,000.00	-5,000.00
31 Behavioral Risk Factor Survey	22,000.00	0.00	0.00	22,000.00	0%	22,000.00	0.00
32 Misc Other Expense	0.00	0.00	20.00	-20.00	0%	0.00	0.00
33 Computer Support	81,700.00	6,027.00	22,290.53	59,409.47	27%	81,700.00	0.00
34 Service Charges/Credit Card Fees	9,500.00	692.34	3,545.56	5,954.44	37%	9,500.00	0.00
35 Equipment	0.00	0.00	0.00	0.00	0%	0.00	0.00
36 BOH approved capital expenses	0.00	0.00	500,000.00	-500,000.00	0%	0.00	0.00
<b>TOTAL EXPENSES</b>	<b>6,150,092.00</b>	<b>547,791.61</b>	<b>3,497,260.23</b>	<b>2,652,831.77</b>	<b>57%</b>	<b>6,258,845.00</b>	<b>108,753.00</b>
<b>W/O SPACE &amp; VFC</b>	<b>5,580,042.00</b>	<b>512,231.91</b>	<b>3,254,452.15</b>	<b>2,325,589.85</b>	<b>58%</b>	<b>5,658,845.00</b>	<b>78,803.00</b>
Revenue Over Expenditures (Deficit)	0.00	136,431.09	14,984.27				
Revenue Over Expenditures (Deficit) without BOH approved capital expense or additional revenues	0.00	136,431.09	7,994.87				

CURRENT ASSETS

CASH TO TREASURER	\$2,277,791.30
CASH ON DEPOSIT/IMPREST CASH	3,240.00
ACCOUNTS RECEIVABLE/CASH IN TRANSIT	278,263.80
DUE FROM GOVERNMENTAL AGENCIES	410,864.96
INVENTORY - VFC IMMS	59,098.86
PREPAIDS	34,228.24
<b>TOTAL ASSETS</b>	<b>\$3,063,487.16</b>

LIABILITIES AND FUND BALANCE

ACCOUNTS PAYABLE	(\$42,602.75)
PAYROLL DEDUCTIONS	297.89
PAYROLL PAYABLES	179,506.84
OTHER ACCRUED PAYABLES	-
ADVANCES	154,382.00
TRUST FUNDS	18,062.86
DEFERRED REVENUE PRIOR YEAR	12,412.64
DEFERRED REV DENTAL OUTREACH	167,413.00
DEFERRED REVENUE MCDC	105,000.00
DEFERRED REVENUE-VFC IMMS	59,098.86
FUND BALANCE RESTRICTED DENTAL	104,062.94
FUND BALANCE END OF YEAR	88,319.97
FUND BALANCE	324,449.90
FUND BALANCE EQUIPMENT	489,494.46
FUND BALANCE FACILITY DEV	124,580.00
FUND BALANCE SELF INS BONDS	13,949.72
FUND EQUITY-FUTURE RETIREMENT	608,829.80
FUND EQUITY-COMPENSATED LEAVES	285,988.76
FUND EQUITY-UNEMPLOYMENT	55,000.00
FUND EQUITY-TRAINING	35,000.00
FUND EQUITY/BRFS	11,522.00
FUND BALANCE-HEALTH INSURANCE	160,000.00
FUND BALANCE-POTENTIAL CLAIMS	93,734.00
<b>BALANCE SHEET NET INCOME</b>	<b>14,984.27</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 3,063,487.16</b>
<b>TOTAL NET INCOME</b>	<b>0.00</b>

**Mid-Michigan District Health Department**

**Financial Statements**

**September 30, 2018**



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## **Independent Auditors' Report**

Board of Public Health  
Mid-Michigan District Health Department  
Stanton, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mid-Michigan District Health Department (the Department), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Department's 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mid-Michigan District Health Department, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended September 30, 2018, the Department adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, municipal employees' retirement system schedules and other post-employment benefit schedules, as identified 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019 on our consideration of the Mid-Michigan District Health Department's 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 solely 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 effectiveness of the Mid-Michigan District Health Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mid-Michigan District Health Department's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, Michigan  
March 21, 2019



This section of the annual financial statements, titled Management's Discussion and Analysis, represents the administration's review of the Department's financial performance during the fiscal year ended September 30, 2018, and is a requirement of GASB 34. The Management's Discussion and Analysis is intended to be read in conjunction with the Department's financial statements.

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: Government-wide financial statements and Fund Level financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the Department exceeded its liabilities and deferred inflows of resources at September 30, 2018 by \$481,267 at the government-wide level. Of this amount, \$(40,326) (unrestricted deficit) may be used to meet the Department's ongoing obligations.
- The Department's total net position decreased \$446,440 as a result of this year's operations.
- As of September 30, 2018, the Department's governmental fund reported an ending fund balance of \$2,386,075, a decrease of \$65,865.
- As of September 30, 2018, the unassigned fund balance was \$222,688.

### Overview of the Financial Statements

The Department's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements:** The government-wide financial statements provide information about the activities of the entire Department. They present an overall view of the Department's finances for the fiscal year ending September 30, 2018.

The statement of net position presents information on all of the Department's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The statement of activities presents information showing how the Department's net position changed during fiscal year 2017/2018. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows.

All of the Department's offices are supported by intergovernmental revenues, governmental grants, donations, fees and charges for services, interest, and local contributions. The governmental activities of the Department are all considered health and sanitation programs.

The government-wide financial statements include only financial information related to the Department.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Department operates with one fund, which is considered a governmental fund.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating the Department's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Department's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department adopts an annual appropriated budget for its General Operating Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic financial statements can be found starting on page 3-1 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 3-7 of this report.

**Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgeted revenues and expenditures on page 4-1, and information related to the defined pension plan and retired employees' health care plans starting on page 4-2.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Department, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$481,267. A comparative analysis of data with the previous fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
<b>Current and other assets</b>	\$3,193,394	\$3,240,936
<b>Capital assets</b>	427,543	429,698
<b>Total assets</b>	<u>3,620,937</u>	<u>3,670,634</u>
<b>Deferred outflow of resources</b>	<u>515,790</u>	<u>904,518</u>
<b>Current liabilities</b>	706,146	504,170
<b>Noncurrent liabilities</b>	2,477,300	3,059,312
<b>Total liabilities</b>	<u>3,183,446</u>	<u>3,563,482</u>
<b>Deferred inflow of resources</b>	<u>472,014</u>	<u>83,963</u>
<b>Net position</b>		
<b>Investment in capital assets</b>	332,650	429,698
<b>Restricted for</b>		
<b>Dental Clinic</b>	95,209	95,209
<b>Medicaid cost based reimbursement</b>	93,734	181,767
<b>Unrestricted</b>	<u>(40,326)</u>	<u>221,033</u>
<b>Total net position</b>	<u><u>\$481,267</u></u>	<u><u>\$927,707</u></u>

Unrestricted net position (the part of net position that can be used to finance day-to-day operations) decreased by \$261,359. The main reason for the large decrease relates to a decrease in the deferred outflows related to the net pension liability based on the actuarial calculations. Net position invested in capital assets decreased by \$97,048. The current level of unrestricted net position for the governmental activities stands at a deficit of \$40,326.

The following table shows the changes of net position for the years ended September 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
<b>Program revenues</b>		
<b>Charges for services</b>	\$1,469,636	\$1,676,463
<b>Operating grants and contributions</b>	3,362,097	2,956,019
<b>General revenue</b>		
<b>County appropriations</b>	1,329,302	1,344,464
<b>Interest</b>	27,241	10,713
<b>Gain on Capital Assets</b>	108	40
<b>Total revenues</b>	<u>6,188,384</u>	<u>5,987,699</u>
<b>Program expenses</b>	<u>6,634,824</u>	<u>6,440,858</u>
<b>Change in net position</b>	<u><u>\$(446,440)</u></u>	<u><u>\$(453,159)</u></u>

Total expenses increased 3.01% over the previous fiscal year and revenue increased 3.35%.

### Financial Analysis of the Department's Fund

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund:** The focus of the Department's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Department's governmental fund reported a total ending fund balance of \$2,386,075, a decrease of \$65,865 in comparison with the prior year. Certain constraints have been placed on fund balance at September 30, 2018. Of the total fund balance, \$1,784,365, or 75% of the total, has been committed for the general operating fund. Committed fund balances are amounts that are constrained for certain purposes that have been approved by the Board of Public Health. Commitments of fund balance can be established, modified, or rescinded by a resolution from the Board of Public Health. The restricted and non-spendable fund balances total \$379,022 and the unassigned fund balance is \$222,688. As a measure of liquidity, it may be useful to compare committed and unassigned fund balance to the total fund expenditure. Committed and unassigned fund balance represents 32% of the total fund expenditures.

## **Governmental Fund Budgetary Highlights**

Over the course of the year, the Department's Board of Public Health may amend the budget to take into account events that occur during the year. For the year ended September 30, 2018, budget amendments primarily increased and decreased licenses and permits, intergovernmental, and charges for services revenue and certain expenditure line items, especially those related to the approved capital expense projects by amounts necessary to maintain consistency with actual activities for the fiscal year. In total, the Department's amended expenditure budget changed from \$6,213,097 to \$6,447,247, which represented a small increase in the overall agency budget, however, the actual expenditures came in at \$6,343,009 which was a little more than the original budget but under the final budget.

## **Capital Asset and Debt Administration**

**Capital Assets:** The Department's investment in capital assets as of September 30, 2018, amounts to \$427,543 (net of accumulated depreciation). More information is reported in footnote 5.

**Long-term Obligations:** The Department has long-term obligations related to compensated absences (e.g., unused vacation and personal leave). The total obligation for compensated absences and related payroll taxes at September 30, 2018, was \$290,641.

## **Economic Factors and Next Year's Budget and Rates**

For the fiscal year ending September 30, 2019, close monitoring of the Federal and State budget actions will continue to be important related to lack of economic increases and/or further possible cuts in funding provided through State grant agreements including those that originate at the federal level and other State funding mechanisms such as Essential Local Public Health Services, Medicaid Cost, and Rated Based Reimbursement funding supplements. The Department continues to closely monitor Environmental Health permit applications activity and Community Health and Education charge for services to determine if there are any significant changes in activity. The Department is focusing efforts on increasing reimbursement by billing commercial insurances for services provided in Community Health and Education Division. The Department's operating budget could be significantly impacted by changes in State funding, permit activity and billing reimbursement, therefore, will be monitored closely.

## **Requests for Information**

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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**Administration Services Division Director**  
**Mid-Michigan District Health Department**  
**615 N. State St., Suite 2**  
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**E-mail: [mbowerman@mmdhd.org](mailto:mbowerman@mmdhd.org)**

**Mid-Michigan District Health Department**  
**Statement of Net Position**  
**September 30, 2018**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 58,516
Cash on deposit with fiscal agent	2,513,409
Receivables	
Accounts	58,846
Contracts	88,760
Due from other units of government	
Federal and state	271,848
Local	11,936
Inventories	76,510
Prepaid items	113,569
Contracts receivable, net of current portion	94,893
Capital assets, net of accumulated depreciation	332,650
Total assets	3,620,937
<b>Deferred Outflows of Resources</b>	
Deferred amount relating to net pension liability	515,790
Total assets and deferred outflows of resources	4,136,727
<b>Liabilities</b>	
Accounts payable	119,171
Accrued wages	124,580
Accrued liabilities	109,399
Due to others	18,063
Due to other units of government	258,423
Unearned revenue	76,510
Noncurrent liabilities	
Compensated absences due within one year	290,641
Total OPEB liability	173,530
Net pension liability	2,013,129
Total liabilities	3,183,446
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to net pension liability	453,749
Deferred amount relating to total OPEB liability	18,265
Total deferred outflows of resources	472,014
Total liabilities and deferred inflows of resources	3,655,460
<b>Net Position</b>	
Net investment in capital assets	332,650
Restricted for	
Dental clinic	95,209
Medicaid cost based reimbursement	93,734
Unrestricted (deficit)	(40,326)
Total net position	\$ 481,267

**Mid-Michigan District Health Department**  
**Statement of Activities**  
**For the Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Health and welfare				
Community health and education	\$ 3,762,821	\$ 738,329	\$ 2,589,014	\$ (435,478)
Environmental health	1,245,339	520,326	639,835	(85,178)
Administration	1,626,664	210,981	133,248	(1,282,435)
Total governmental activities	<u>\$ 6,634,824</u>	<u>\$ 1,469,636</u>	<u>\$ 3,362,097</u>	<u>(1,803,091)</u>
General revenues				
Interest				27,241
County appropriations				1,329,302
Gain on sale of capital assets				108
Total general revenues				<u>1,356,651</u>
Change in net position				(446,440)
Net position - beginning of year				<u>927,707</u>
Net position - end of year				<u>\$ 481,267</u>

**Mid-Michigan District Health Department**  
**Governmental Fund**  
**Balance Sheet**  
**September 30, 2018**

	General Operating Fund
<b>Assets</b>	
Cash	\$ 58,516
Cash on deposit with fiscal agent	2,513,409
Receivables	
Accounts	58,846
Contracts	183,653
Due from other units of government	
Federal and state	271,848
Local	11,936
Inventories	76,510
Prepaid items	113,569
Total assets	\$ 3,288,287
<b>Liabilities</b>	
Accounts payable	\$ 119,171
Accrued wages	124,580
Accrued liabilities	109,399
Due to others	18,063
Due to other units of government	258,423
Unearned revenue	76,510
Total liabilities	706,146
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - charges for services	12,413
Unavailable revenue - lease revenue	183,653
Total deferred inflows of resources	196,066
<b>Fund Balances</b>	
Non-spendable	
Inventories	76,510
Prepaid items	113,569
Restricted for	
Dental clinic	95,209
Medicaid cost based reimbursement	93,734
Committed	1,784,365
Unassigned	222,688
Total fund balances	2,386,075
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,288,287

**Mid-Michigan District Health Department  
Governmental Fund  
Reconciliation of Fund Balances of Governmental Fund  
to Net Position of Governmental Activities  
September 30, 2018**

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<b>Total fund balances for governmental fund</b>	<b>\$ 2,386,075</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	332,650
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	196,066
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(290,641)
Deferred outflows of resources resulting from net pension liability	515,790
Deferred inflows of resources resulting from net pension liability	(453,749)
Deferred inflows of resources resulting from total OPEB liability	(18,265)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Total OPEB liability	(173,530)
Net pension liability	(2,013,129)
	(2,186,659)
<b>Net position of governmental activities</b>	<b>\$ 481,267</b>



**Mid-Michigan District Health Department**  
**Governmental Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2018**

	<u>General Operating Fund</u>
<b>Revenues</b>	
Licenses and permits	\$ 689,171
Intergovernmental	
Federal and state	2,948,410
Local	
Other	486,450
County	1,329,302
Charges for services	780,465
Interest income	27,241
Other revenue	<u>15,997</u>
Total revenues	<u>6,277,036</u>
<b>Expenditures</b>	
Current	
Health and welfare	
Salaries and wages	3,261,102
Fringe benefits	1,265,311
Supplies and materials	492,018
Contractual services	344,407
Communications	68,177
Travel and training	182,758
Insurance	35,303
Building and equipment lease and rentals	500,854
Printing and advertising	92,377
Postage	29,215
Other	<u>71,487</u>
Total expenditures	<u>6,343,009</u>
Deficiency of revenues over expenditures	(65,973)
<b>Other financing sources</b>	
Sale of fixed assets	<u>108</u>
Net change in fund balance	(65,865)
Fund balance - beginning of year	<u>2,451,940</u>
Fund balance - end of year	<u><u>\$2,386,075</u></u>

**Mid-Michigan District Health Department  
Governmental Fund  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended September 30, 2018**

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<b>Net change in fund balances - total governmental fund</b>	<b>\$</b>	<b>(65,865)</b>
<p>Total change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(97,048)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Financing lease		(88,760)
<p>Expenses are recorded when incurred in the statement of activities.</p>		
Compensated absences		(4,653)
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>		
Net change in net pension liability		584,816
Net change in the deferred inflows of resources related to the net pension liability		(369,786)
Net change in the deferred outflows of resources related to the net pension liability		(388,728)
<p>The statement of net position reports the total OPEB liability and deferred outflows of resources and deferred inflows related to the total OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.</p>		
Net change in total OPEB liability		1,849
Net change in the deferred inflows of resources related to the total OPEB liability		<u>(18,265)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(446,440)</u></b>

## **Note 1 - Summary of Significant Accounting Policies**

### **Reporting entity**

The Mid-Michigan District Health Department (the Department) is a joint venture between Montcalm, Gratiot and Clinton Counties, and was established to provide public health services.

The Board of Public Health is represented by and provides services to Montcalm, Gratiot and Clinton Counties. Each County provides annual appropriations. The current funding formula approved by the Board of Public Health requires Montcalm, Gratiot and Clinton Counties to provide approximately 36, 27, and 37 percent, respectively, of the total County appropriations. The percentages are calculated annually based on the formula in the intergovernmental agreement. In addition, the treasury function for the Department rests with the Montcalm County Treasurer.

### **Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General appropriations and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all county appropriations.

Separate financial statements are provided for governmental funds. The Department only has one fund reported in the fund financial statements.

### **Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues susceptible to accrual include state and federal grants and interest income. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues related to grants are considered available if collected within 180 days due to the State of Michigan's slow payment. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

The General Operating Fund is used to account for all financial resources of the Department, which includes expenditures primarily for specified health related purposes.

**Assets, liabilities, and net position or equity**

Cash – Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Cash on deposit with fiscal agent – Cash on deposit with the Montcalm County Treasurer.

Receivables – Receivables consist of amounts due from governmental units for various grant programs and accounts receivable for charges for services to clients and other organizations.

The Department has recognized the revenue related to charges for services at the time the services are performed and billed to the extent such amounts are estimated to be received. Contractual adjustments by third-party payers are treated as a reduction to revenues.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Donated vaccine inventory consists of vaccines received from the State of Michigan and is stated at fair value as of the date of donation. Vaccine inventory received from the State of Michigan that is on hand at year-end has been reported as unearned revenue. They are reported as expenditures at the time individual inventory items are used.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Department follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the Department values these capital assets at the estimated fair value of the item at the date of its donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Equipment	5 - 20 years
Leasehold improvements	10 years

Deferred outflows of resources – The Department reports deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and total OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Department also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce net pension liability the total OPEB liability in the following year.

Due to others – The Department serves as the fiduciary on monies that are to be used for specific purposes. For example, other agencies have provided funding for a dental center expansion. Until all of the funds are raised and the project begins, these funds could possibly be paid back to the other agencies.

Unearned revenue – The governmental fund reports unearned revenue in connection with resources that have been received but not yet earned. The Department records unearned revenue in connection with the inventory previously discussed.

Compensated absences – It is the Department’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Leave time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefits (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the Department that is applicable to a future reporting period. For the governmental fund this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The Department reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and total OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Equity – In the fund financial statements fund balance is reported in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the Department’s highest level of decision-making, its Board of Public Health. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Public Health.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Public Health, the budget or finance committee, or delegated official. The Board of Public Health has not anyone the authority to assign funds.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

The following amounts have been committed for the general operating fund:

Behavioral Risk Factor Survey (BRFS)	\$	11,522
Equipment		489,494
Facility development		124,580
Health insurance		160,000
Retirement		608,830
Self-insurance bonds		13,950
Training		35,000
Unemployment		55,000
Vacation and sick leave		285,989
	\$	<u>1,784,365</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Department's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Department's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Adoption of New Accounting Standards**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

### **Upcoming Accounting and Reporting Changes**

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending September 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending September 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending September 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending September 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending September 30, 2021.

The Department is evaluating the impact that the above GASBs will have on its financial reporting.

## **Note 2 - Budget Accountability**

### **Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Operating Fund. All annual appropriations lapse at fiscal year end. Any revisions that alter the total expenditures of an activity must be approved by the Board of Public Health.

**Note 3 - Cash**

At year end deposits were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Cash on Deposit with Fiscal Agent	Total
Governmental activities	<u>\$ 58,516</u>	<u>\$ 2,513,409</u>	<u>\$ 2,571,925</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts)	\$ 57,526
Cash on deposit with fiscal agent	2,513,409
Petty cash and cash on hand	<u>990</u>
	<u>\$ 2,571,925</u>

*Interest rate risk* – The Department does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

*Credit risk* – State statutes and the Department’s investment policy authorize the Department to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Department is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

*Concentration of credit risk* – The government has no policy that would limit the amount that may be issued in any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of bank failure, the Department’s deposits may not be returned to it. The Department does not have a policy for custodial credit risk. As of year end, the bank deposits were not exposed to custodial credit risk. The cash on deposit with Montcalm County is part of the County pooled cash and investments. As a result, the insured and uninsured amounts related to these funds cannot be determined.



#### Note 4 - Long-term Contracts Receivable

The Department entered into agreements on June 1, 2009 and February 1, 2011 with Michigan Community Dental Clinics, Inc. (MCDC) to lease office space and equipment and turnover the Department's dental services to MCDC. In return, MCDC is paying the Department a sum of money (\$561,600 and \$346,957) over a period of 10 years. The amounts attributable to these long-term contracts receivable have been recorded at the fund level as contracts receivable and deferred inflows of resources. The following is a summary of future annual revenue from MCDC for the agreements:

Year Ending September 30,	Equipment Lease	Office Lease	Equipment Lease	Office Lease	Total
2019	\$ 24,000	\$ 29,160	\$ 12,000	\$ 23,600	\$ 88,760
2020	4,000	4,860	12,000	23,600	44,460
2021	-	-	12,000	23,600	35,600
2022	-	-	5,000	9,833	14,833
	<u>\$ 28,000</u>	<u>\$ 34,020</u>	<u>\$ 41,000</u>	<u>\$ 80,633</u>	<u>\$ 183,653</u>

#### Note 5 - Capital Assets

Capital assets activity for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets being depreciated				
Equipment	\$ 1,072,296	\$ -	\$ -	\$ 1,072,296
Leasehold improvements	208,496	-	-	208,496
Total capital assets being depreciated	<u>1,280,792</u>	<u>-</u>	<u>-</u>	<u>1,280,792</u>
Less accumulated depreciation for				
Equipment	688,048	76,442	-	764,490
Leasehold improvements	163,046	20,606	-	183,652
Total accumulated depreciation	<u>851,094</u>	<u>97,048</u>	<u>-</u>	<u>948,142</u>
Net capital assets being depreciated	<u>429,698</u>	<u>(97,048)</u>	<u>-</u>	<u>332,650</u>
Governmental activities capital assets, net	<u>\$ 429,698</u>	<u>\$ (97,048)</u>	<u>\$ -</u>	<u>\$ 332,650</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental activities</b>	
Community health and education	\$ 57,876
Environmental health	9,023
Administration	<u>30,149</u>
Total governmental activities	<u><u>\$ 97,048</u></u>

**Note 6 - Leases**

**Operating Leases**

On June 2, 2011, the Department entered into a lease agreement with Clinton County to lease office space located in St. Johns, Michigan. The effective date of the new lease is October 1, 2011, until September 30, 2021. Total costs for this lease were \$20,100 for the year ended September 30, 2018. Michigan Community Dental Clinics, Inc. (MCDC) is a sub-lessee of the office space. MCDC pays the Department monthly, then the Department pays Clinton County. The future minimum lease payments for this lease are as follows:

<u>Year Ending September 30,</u>	
2019	\$ 20,100
2020	20,100
2021	<u>20,100</u>
	<u><u>\$ 60,300</u></u>

The Department has entered into a twenty-year, noncancelable long-term lease with NHF Sub Montcalm, a nonprofit organization, for the Montcalm branch office space. Rent expense for the year ended September 30, 2018 amounted to \$80,076. During the fiscal year ending September 30, 2017, the Department paid all future minimum lease payments for this lease. Those payments were recorded as prepaid expenditures at September 30, 2017 and will be expensed as follows:

<u>Year Ending September 30,</u>	
2019	<u>\$ 13,342</u>

**Note 7 - Long-Term Debt**

Long-term obligations include compensated absences. Compensated absences are liquidated with funds from the general operating fund. Compensated absences are a liability to the Department which are split between current and noncurrent liabilities within the government-wide financial statements based on an estimate of when they will be due and payable. Payments to employees for compensated absences are recorded as expenditures when they are used and payments are actually made to the employees at the fund level.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 285,988	\$ 367,531	\$ 362,878	\$ 290,641	\$ 290,641

### Note 8 - Risk Management

The Department is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing the Department with loss protection for general liability, property damage, and losses due to crime. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Department also carries commercial insurance for the risk of loss due to workers' compensation and healthcare professional liability claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

### Note 9 - Employee Retirement and Benefit Systems

#### Defined benefit pension plan

Plan description – The Department participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 2.00% to 2.25%. Vesting periods range from 6 to 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years. Member contributions range from 2.58% to 3.00%.

Employees covered by benefit terms – At the December 31, 2017 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to, but not yet receiving benefits	39
Active employees	73
	<u>164</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered

employees. Employer contributions range from 7.94% to 25.31% based on annual payroll for open divisions. There were no divisions closed to new hires as of December 31, 2017.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75% in the long-term; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	55.5%	8.65%
Global fixed income	18.5%	3.76%
Real assets	13.5%	9.72%
Diversifying strategies	12.5%	7.50%

Discount rate – The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

**Total Pension Liability**

Service cost	\$ 269,282
Interest on the total pension liability	872,780
Experience differences	(252,527)
Other changes	1
Benefit payments and refunds	<u>(496,671)</u>
Net change in total pension liability	392,865
Total pension liability - beginning	<u>11,023,442</u>
Total pension liability - ending (a)	<u>\$ 11,416,307</u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 281,778
Employee contributions	94,936
Pension plan net investment income	1,115,288
Benefit payments and refunds	(496,671)
Pension plan administrative expense	<u>(17,650)</u>
Net change in plan fiduciary net position	977,681
Plan fiduciary net position - beginning	<u>8,425,497</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,403,178</u>

Net pension liability (a-b) \$ 2,013,129

Plan fiduciary net position as a percentage of total pension liability 82.37%  
 Covered employee payroll \$ 3,148,825  
 Net pension liability as a percentage of covered employee payroll 63.93%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7%) or 1% higher (9%) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 12,840,008	\$ 11,416,307	\$ 10,220,557
Fiduciary net position	<u>9,403,178</u>	<u>9,403,178</u>	<u>9,403,178</u>
Net pension liability	<u>\$ 3,436,830</u>	<u>\$ 2,013,129</u>	<u>\$ 817,379</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended September 30, 2018 the employer recognized pension expense of \$468,949. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources	Amount to Amortize
Differences in experience	\$ 17,776	\$ (264,994)	\$ (247,218)
Differences in assumptions	199,373	-	199,373
Net difference between projected and actual earnings on plan investments	-	(188,755)	(188,755)
Contributions subsequent to the measurement date*	298,641	-	-
Total	<u>\$ 515,790</u>	<u>\$ (453,749)</u>	<u>\$ (236,600)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending 2019.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended,	
2019	\$ 72,707
2020	44,347
2021	(213,798)
2022	(139,856)
	<u>\$ (236,600)</u>

### Note 10 - Other Post-employment Benefits

Plan description – The Department provides other post-employment benefits (OPEB) to non-union employees who retire at the minimum age of 60 and have at least 20 or more years of continuous service with the Department. The Board of Public Health is responsible for oversight of this Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided – The Department will pay the annual amount equal to the single maximum hard cap under State of Michigan PA 152. Dependents are not eligible for any employer paid insurance and if coverage is elected for dependents, it will be 100% employee paid. Employees who do not meet the above stated criteria will not receive employer paid benefits upon retirement. Coverage ends at the earlier of a retiree attainment of age 65 or death.

Employees covered by benefit terms – At September 30, 2018, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	<u>10</u>
	<u>11</u>

The plan is closed to new employees.

Total OPEB liability – The total OPEB liability of \$173,530 was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2017.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	Implicit in expected payroll increases
Healthcare cost trend rates	Not applicable
Salary increases	3.50%
Investment rate of return	Not applicable, plan is not pre-funded

Mortality rates were based on the RP-2014 adjusted to the 2006 total data set, headcount weighted with MP-2018 improvement.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.00%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB Liability. The discount rate used for September 30, 2017 was 3.16%.

**Changes in Net OPEB Liability**

<b>Total OPEB Liability</b>	
Service cost	\$ 11,933
Interest on the total OPEB liability	5,919
Experience differences	(6,768)
Changes in actuarial assumptions	<u>(12,933)</u>
Net change in total OPEB liability	(1,849)
Total OPEB liability - beginning	175,379
Total OPEB liability - ending (a)	<u><u>\$ 173,530</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Department, as well as what the Department’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.0%) or 1% higher (4.0%) than the current discount rate.

	1% decrease	Current discount rate	1% increase
Total OPEB liability	<u>\$ 185,294</u>	<u>\$ 173,530</u>	<u>\$ 162,233</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Department, as well as what the Department’s total OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total OPEB liability	<u>\$ 153,330</u>	<u>\$ 173,530</u>	<u>\$ 197,006</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended September 30, 2018 the employer recognized OPEB expense of \$16,416. The employer reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred inflows of resources</u>
Differences in experience	\$ (6,275)
Differences in assumptions	<u>(11,990)</u>
Total	<u>\$ (18,265)</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30,</u>	
2019	\$ (1,436)
2020	(1,436)
2021	(1,436)
2022	(1,436)
2023	(1,436)
Thereafter	<u>(11,085)</u>
	<u>\$ (18,265)</u>

**Note 11 - Deferred Compensation Plan**

The Department offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to substantially all Department employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plans are administered through MetLife Resources, Royal Alliance, and Primary Shareholders Services.

Legislative changes made to 457 plans mandated that no later than January 1, 1999, all existing 457 plan assets must be held in a custodial account, trust, annuity contract for benefit of participants and their beneficiaries.

Once a trust, custodial account, or annuity contract exists, assets are owned or held by the trust, custodian, or insurer for the exclusive benefit of participants and beneficiary, and are not subject to the claims of public employees creditors nor can they be used by the public employee for any purpose other than the payment of benefits to these individuals participating in the plan or their designated beneficiaries. As of September 30, 1999, the Department had implemented changes to be in compliance with these requirements. As a result, the plan assets are not reported in the audited financial statements by the Department because the legislation



eliminated the requirements that Section 457 plan assets legally remain the assets of the sponsoring government.

The Department also offers its employees a tax sheltered annuity plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to substantially all Department employees, permits them to make pre-tax contributions into various investment options. The Department has obtained non-profit exemption status under Internal Revenue Code Section 501(c)(3) thus allowing them to create the 403(b) plan. The plan is administered through MetLife Resources.

**Note 12 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Department expects such amounts, if any, to be immaterial.

**Note 13 - Subsequent Event**

Subsequent to year end, the Department remitted a \$500,000 payment in excess of the annually determined contribution amount to MERS to reduce the Department's net pension liability.

**Mid-Michigan District Health Department**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Operating Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 635,378	\$ 705,500	\$ 689,171	\$ (16,329)
Intergovernmental				
Federal and state	2,725,206	2,980,314	2,948,410	(31,904)
Local				
Other	447,280	393,000	486,450	93,450
County	1,376,048	1,329,233	1,329,302	69
Charges for services	886,055	866,500	780,465	(86,035)
Interest income	5,000	27,000	27,241	241
Other revenue	105,130	75,700	15,997	(59,703)
Sale of fixed assets	-	-	108	108
<b>Total revenues</b>	<b>6,180,097</b>	<b>6,377,247</b>	<b>6,277,144</b>	<b>(100,103)</b>
<b>Expenditures</b>				
Health and welfare				
Salaries and wages	3,391,231	3,302,565	3,261,102	(41,463)
Fringe benefits	1,312,071	1,287,150	1,265,311	(21,839)
Supplies and materials	497,970	625,200	492,018	(133,182)
Contractual services	270,000	324,000	344,407	20,407
Communications	69,450	70,000	68,177	(1,823)
Travel and training	165,400	187,000	182,758	(4,242)
Insurance	32,000	34,000	35,303	1,303
Building and equipment lease and rentals	342,150	340,232	500,854	160,622
Printing and advertising	10,150	87,000	92,377	5,377
Postage	17,875	34,000	29,215	(4,785)
Other	45,800	78,100	71,487	(6,613)
<b>Total health and welfare</b>	<b>6,154,097</b>	<b>6,369,247</b>	<b>6,343,009</b>	<b>(26,238)</b>
Capital outlay	59,000	78,000	-	(78,000)
<b>Total expenditures</b>	<b>6,213,097</b>	<b>6,447,247</b>	<b>6,343,009</b>	<b>(104,238)</b>
Net change in fund balance	(33,000)	(70,000)	(65,865)	4,135
Fund balance - beginning of year	2,451,940	2,451,940	2,451,940	-
Fund balance - end of year	<u>\$ 2,418,940</u>	<u>\$ 2,381,940</u>	<u>\$ 2,386,075</u>	<u>\$ 4,135</u>

**Mid-Michigan District Health Department**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2018**

Measurement date December 31,	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 269,282	\$ 281,687	\$ 277,353	\$ 257,983
Interest on the total pension liability	872,780	831,211	741,267	720,117
Experience differences	(252,527)	(104,954)	44,440	-
Changes in actuarial assumptions	-	-	498,434	-
Other changes	1	(1)	23,165	(1)
Benefit payments and refunds	(496,671)	(467,601)	(457,449)	(443,826)
Net change in total pension liability	392,865	540,342	1,127,210	534,273
Total pension liability - beginning	11,023,442	10,483,100	9,355,890	8,821,617
Total pension liability - ending (a)	<u>\$ 11,416,307</u>	<u>\$ 11,023,442</u>	<u>\$ 10,483,100</u>	<u>\$ 9,355,890</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 281,778	\$ 266,008	\$ 252,936	\$ 251,231
Employee contributions	94,936	95,221	92,676	87,771
Pension plan net investment income (loss)	1,115,288	873,830	(119,126)	477,547
Benefit payments and refunds	(496,671)	(467,601)	(457,449)	(443,826)
Pension plan administrative expense	(17,650)	(17,243)	(17,344)	(17,561)
Net change in plan fiduciary net position	977,681	750,215	(248,307)	355,162
Plan fiduciary net position - beginning	8,425,497	7,675,282	7,923,589	7,568,427
Plan fiduciary net position - ending (b)	<u>\$ 9,403,178</u>	<u>\$ 8,425,497</u>	<u>\$ 7,675,282</u>	<u>\$ 7,923,589</u>
Net pension liability (a-b)	<u>\$ 2,013,129</u>	<u>\$ 2,597,945</u>	<u>\$ 2,807,818</u>	<u>\$ 1,432,301</u>
Plan fiduciary net position as a percentage of total pension liability	82.37%	76.43%	73.22%	84.69%
Covered employee payroll	\$ 3,148,825	\$ 3,273,595	\$ 3,271,621	\$ 3,042,883
Net pension liability as a percentage of covered employee payroll	63.93%	79.36%	85.82%	47.07%

\*GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Mid-Michigan District Health Department  
Required Supplementary Information  
Municipal Employees Retirement System of Michigan  
Schedule of Employer Contributions  
September 30, 2018**

Fiscal Year Ending September 30,	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$ 226,287	\$ 226,287	\$ -	\$ 2,853,423	7.93%
2010	223,631	223,631	-	2,785,928	8.03%
2011	204,670	204,670	-	2,858,466	7.16%
2012	213,261	213,261	-	2,735,992	7.79%
2013	414,440	198,313	216,127	2,904,165	6.83%
2014	219,406	219,406	-	2,919,078	7.52%
2015	251,230	251,230	-	3,042,883	8.26%
2016	252,937	252,937	-	3,271,621	7.73%
2017	266,008	266,008	-	3,273,595	8.13%
2018	281,778	281,778	-	3,148,825	8.95%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 21 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage, open
Remaining amortization period	21
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	RP-2014 Healthy Annuitant Mortality Tables - 50% male and 50% female blend RP-2014 Employee Mortality Tables - 50% male and 50% female blend RP-2014 Juvenile Mortality Tables - 50% male and 50% female blend RP-2014 Disabled Retiree Mortality Tables - 50% male and 50% female blend

**Mid-Michigan District Health Department**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**September 30, 2018**

Fiscal year ended September 30,	2018
<b>Total OPEB Liability</b>	
Service cost	\$ 11,933
Interest on the total OPEB liability	5,919
Experience differences	(6,768)
Changes in actuarial assumptions	<u>(12,933)</u>
Net change in total OPEB liability	(1,849)
Total OPEB liability - beginning	<u>175,379</u>
Total OPEB liability - ending (a)	<u><u>\$ 173,530</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	- %
Covered employee payroll	\$ 572,784
Net OPEB liability as a percentage of covered employee payroll	30.30%

\*GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Mid-Michigan District Health Department**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Employer Contributions**  
**September 30, 2018**

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Fiscal Year Ending September 30,	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 27,500	\$ -	\$ 27,500	\$ 572,784	- %

**Notes to Schedule of Contributions**

Valuation Date: September 30, 2017  
Notes: Actuarially determined contribution amounts are calculated as of September 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level dollar
Asset valuation method	Not applicable, plan is not pre-funded
Inflation	Implicit in expected payroll increases
Healthcare cost trend rates	Not applicable
Salary increases	3.50%
Investment rate of return	Not applicable, plan is not pre-funded
Mortality	RP-2014 adjusted to 2006 total data set, headcount weighted with MP-2018

March 21, 2019

Management and the Board of Health  
Mid-Michigan District Health Department  
615 North State Street, Suite 2  
Stanton, MI 48888

We have completed our audit of the financial statements of the governmental activities and the major fund of Mid-Michigan District Health Department (the Organization) as of and for the year ended September 30, 2018, and have issued our report dated March 21, 2019. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The first appendix to this letter sets forth those communications as follows:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

In addition, we have identified additional matters that are not required to be communicated but we believe are valuable for management:

II. Matters for Management's Consideration

We discussed these matters with various personnel in the Organization during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Health and others within the Organization, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan

## Appendix I

### Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated January 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the footnotes of the financial statements. The Organization has adopted Governmental Accounting Standards Board Statements effective October 1, 2017:

- No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement improves the financial reporting of postemployment plans other than pensions through enhanced note disclosures and schedules of required supplementary information along with recording the total OPEB liability.
- No. 85, *Omnibus 2017*. The Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

We noted no transactions entered into by the Organization during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Organization's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Other post-employment benefits. The estimate is derived from a calculation including factors such as: life expectancy, historical insurance costs, probability of retirement, and the applicable federal interest rates in effect at the time of the calculation.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole and free from bias.

Disclosures in the financial statements are neutral, consistent and clear.



## **Accounting Standards and Regulatory Updates**

### **Accounting Standards**

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in Note 1 of the financial statements.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

The following material misstatements were detected as a result of our audit procedures and corrected by management:

- An adjustment of \$80,028 was required to recognize the 2017-18 portion of the prepaid building rent as an expense.

There were no uncorrected misstatements that were more than trivial.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no disagreements with management during the audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Emphasis of Matters in Independent Auditors' Report**

Our report will include the following emphasis of matter paragraph:

### **Adoption of New Accounting Standards**

As described in Note 1 to the financial statements, during the year ended September 30, 2018, the Department adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

## **Other Reports**

Other information that is required to be reported to you is included in the: 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*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Grant Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

## **Report on Required Supplementary Information**

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis, municipal employees retirement system schedules, other postemployment benefit schedules, and budgetary comparison information, we 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 regarding 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.

## **Appendix II Matters for Management's Consideration**

In planning and performing our audit of the financial statements of Mid-Michigan District Health Department as of and for the year ended September 30, 2018, we considered Mid-Michigan District Health Department's internal control over financial reporting (internal control) as a basis for designing our audit procedures 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of the following matters for management's consideration that are opportunities for strengthening internal controls and improving compliance. This letter does not affect our report dated March 21, 2019, on the financial statements of Mid-Michigan District Health Department. Our comments and recommendations regarding those matters are:

### **Journal Entry Approval**

We noted during our review of journal entries, that journal entries are being posted to the accounting system without any approval. We did not notice any unusual entries in our testing, but without proper supervision and review of entries, errors and irregularities could go unnoticed.

We recommend that all journal entries be approved and reviewed to better protect the individuals at the Organization and to further strengthen the controls over financial reporting.

### **Segregation of Duties**

During our walkthrough of the cash collection process, we noted that the same individual at each clinic will collect the client's payment, enter the payment into the system, and make the deposit at the bank for these cash collections. In addition, we noted that these deposits are being compared against what was recorded in the cash receipting software by a second individual, however this review is not documented in any way.

Because of the risk of theft during the cash collection process, we recommend that the Organization assign these tasks to separate individuals at each location in order to mitigate this risk, and that the review of these deposits be documented in some way to indicate approval.

### **Billing Rates**

During our testing of claims billed to insurance, we noted several instances in which the amount of the fee that was billed did not match the approved fee schedule used by the Organization. Through discussion with management, it appears that these billing rates were changed in the billing software, however the fee schedule used by the Organization was not updated to reflect this change, and no documentation of the approval of these rate changes existed.

We recommend that the Organization review all billing rates in their billing software and the approved fee schedule to determine any changes that need to take place to ensure all billing rates match the approved fee schedule. In addition, we recommend that the Organization adopt a process that will ensure that all changes to billing rates in the software are being properly approved prior to the change being made.

### **Electronic Transactions Policy**

The Organization does not have a written policy concerning electronic transactions of public funds. Michigan Public Act 738 of 2002 requires the Organization to adopt a written electronic transaction policy. We recommend that management review the requirements, draft a policy and present the policy to the Board of Public Health for approval.

**Mid-Michigan District Health Department**

**Single Audit Report**

**September 30, 2018**



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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, 2018, 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 21, 2019.

### **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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

## **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*.

## **Mid-Michigan District Health Department's Response to Findings and Corrective Action Plan**

Mid-Michigan District Health Department's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Mid-Michigan District Health Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 21, 2019

# **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, 2018. 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, 2018.

## **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, 2018, 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 21, 2019, 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 21, 2019

**Mid-Michigan District Health Department  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through Michigan Department of Health and Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		
WIC Resident Services		182MI003W1003	\$ 629,405
WIC Breastfeeding		16162MI013W5003	57,150
WIC Breastfeeding		172MI013W5003	19,048
WIC Breastfeeding		182MI003W1003	<u>38,094</u>
Total Special Nutrition Program for Women, Infants, and Children			<u>743,697</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Michigan Department of Environmental Quality			
Drinking Water State Revolving Fund Cluster State Drinking Water Revolving Loan Fund Program FY 17-18	66.468	FS975487-16	<u>1,880</u>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Michigan Department of Health and Human Services			
Public Health Emergency Preparedness	93.069	NU90TP921906	<u>137,161</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		
Tuberculosis (TB) Control		NU52PS004693	25
Tuberculosis (TB) Control		U52PS004693	75
			<u>100</u>
Family Planning Services	93.217		
Family Planning Services		FPHPA056287	171,312
Family Planning Services		FPHPA006340	15,574
			<u>186,886</u>
Immunization Cooperative Agreements	93.268		
Immunization Action Plan (IAP)		NH23IP000752	14,414
Immunization Fixed Fees		NH23IP000752	10,250
Vaccine Supply - non-cash		N/A	224,981
Total Immunization Cooperative Agreements			<u>249,645</u>

**Mid-Michigan District Health Department  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Michigan Department of Community Health Drug-Free Communities Support Program Grants Clinton Substance Abuse Prevention Coalition	93.276	5H79SP020468-03	\$ <u>66,219</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Immunization Action Plan (IAP)	93.539	NH23IP000752	<u>66,224</u>
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) Local Health Department Service (LHD) Sharing Support	93.758	NB010T009126	<u>52,394</u>
Medicaid Cluster Medical Assistance Program	93.778		
CSHCS Medicaid Elevated Blood Lead Case Mgmt		1805MI5MAP	605
Care Coordination Services: Title V / XIX		1805MI5ADM	8,970
Case Management Services: Title V / XIX		1805MI5ADM	403
Children's Special Hlth Care Services (CSHC) Outreach & Advocacy		1805MI5ADM	56,500
CSHCS Medicaid Outreach		1805MI5ADM	32,160
Medicaid Outreach		1805MI5ADM	<u>84,903</u>
Total Medicaid Assistance Program			<u>183,541</u>
Maternal and Child Health Services Block Grant to the States	93.994		
Care Coordination Services: Title V		B04MC31495	6,300
Enabling Services Children -MCH		B04MC30620	14,180
Enabling Services Children -MCH		B04MC31495	71,024
Family Planning Services		B04MC31495	<u>37,792</u>
Total Maternal and Child Health Services Block Grant to the States			<u>129,296</u>
Total U.S. Department of Health and Human Services			<u>1,071,466</u>
Total Expenditures of Federal Awards			<u>\$ 1,817,043</u>

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mid-Michigan District Health Department under programs of the federal government for the year ended September 30, 2018. 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, changes in net assets, or cash flows of Mid-Michigan District Health Department.

**Note 2 – Summary of Significant Accounting Policies**

**Expenditures**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

**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	\$ 2,948,410
Less: Difference between vaccines administered (revenue per financial statements) and vaccines received (expenditures per SEFA as instructed by grantor agency)	15,251
Less: State grants	<u>(1,146,618)</u>
Total expenditures of federal awards	<u>\$ 1,817,043</u>

**Note 4 – Subrecipients**

No amounts were provided to subrecipients.

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified  yes  none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

*CFDA Number(s)*

*Name of Federal Program or Cluster*

10.557

Special Supplemental Nutrition Program for Women, Infants and Children

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes  no

## SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

### Finding 2018-001 – Material Weakness – Audit Entries

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

**Condition:** A material adjustment was required during the audit due to the following:

During the 2016-17 fiscal year, the Mid-Michigan District Health Department (MMDHD) prepaid the remaining balance on the leased building space in Stanton, MI. This prepaid expense is to be reclassified as rent expense on an annual basis until the termination of the lease agreement on November 1, 2018, however there was no rental expense recognized for the 2017-18 portion, which amounted to \$80,028.

**Cause:** The prepaid building rent balance was not properly reconciled at year end.

**Effect:** An adjustment was posted in order to fairly state the balance. This adjustment had a material effect on the financial statements.

**Recommendations:** We recommend that management ensure that all balance sheet accounts are being properly reconciled at year end to determine if adjustments are necessary.

**Views of  
Responsible  
Officials:**

Management is in agreement with the finding. See the corrective action plan on page 12.

## SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended September 30, 2018.

## **SECTION IV - PRIOR AUDIT FINDINGS**

### **GOVERNMENT AUDITING STANDARDS FINDINGS**

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

### **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  
Audit Corrective Action Plan for Fiscal Year 2017/2018**

**Finding 2018-001: Audit Entries and Prior Period Adjustments - Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.**

There was a prepaid expense journal that needed to be recorded in 2017-2018 fiscal year. The Department acknowledges that this needed to be made and that management is responsible for reporting reliable data in accordance with Generally Accepted Accounting Principles.

In reference to the recording prepaid journal, this was a non-routine item that was made in the prior year. This was missed during the fiscal year and has been corrected. In the future, a second review will be conducted to all balance sheet accounts to ensure that all entries have been completed.

As state above, these items have already been corrected and will not be an issue in subsequent years.

Signature:  \_\_\_\_\_

Contact Information of Responsible Party  
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