

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited Mid-Michigan District Health Department's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mid-Michigan District Health Department's major federal programs for the year ended September 30, 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>
U.S. Department of Agriculture			
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>
U.S. Environmental Protection Agency			
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>
U.S. Department of Health and Human Services			
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>
U.S. Department of Health and Human Services			
Passed Through Michigan Department of Community Health			
Drug-Free Communities Support Program Grants	93.276		
Clinton Substance Abuse Prevention Coalition		5H79SP020468-03	\$ 66,219
PPHF Capacity Building Assistance to Strengthen Public Health			
Immunization Infrastructure and Performance financed in part by			
Prevention and Public Health Funds	93.539		
Immunization Action Plan (IAP)		NH23IP000752	66,224
Preventative Health and Health Services Block Grant funded			
solely with Prevention and Public Health Funds (PPHF)	93.758		
Local Health Department Service (LHD) Sharing Support		NB010T009126	52,394
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	84,903
Total Medicaid Assistance Program			183,541
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	37,792
Total Maternal and Child Health Services Block Grant to the States			129,296
Total U.S. Department of Health and Human Services			1,071,466
Total Expenditures of Federal Awards			\$ 1,817,043

Mid-Michigan District Health Department
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2018

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.

Mid-Michigan District Health Department
Schedule of Findings and Questioned Costs
September 30, 2018

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? X yes no
- Significant deficiency(ies) identified yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified yes X 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 X no

Identification of major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
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 X no

**Mid-Michigan District Health Department
Schedule of Findings and Questioned Costs
September 30, 2018**

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.

**Mid-Michigan District Health Department
Summary Schedule of Prior Audit Findings
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
Corrective Action Plan
September 30, 2018**



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**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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