

Mid-Michigan District Health Department

Single Audit Report

September 30, 2018



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800.968.0010 | yeoandyeo.com

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 | 66.468 | | |
| FY 17-18 | | 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 | | |
| Public Health Emergency Preparedness | | NU90TP921906 | <u>137,161</u> |
| Project Grants and Cooperative Agreements for Tuberculosis Control | 93.116 | | |
| Programs | | | |
| Tuberculosis (TB) Control | | NU52PS004693 | 25 |
| Tuberculosis (TB) Control | | U52PS004693 | <u>75</u> |
| | | | <u>100</u> |
| Family Planning Services | 93.217 | | |
| Family Planning Services | | FPHPA056287 | 171,312 |
| Family Planning Services | | FPHPA006340 | <u>15,574</u> |
| | | | <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 | <u>224,981</u> |
| 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 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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 | (1,146,618) |
| Total expenditures of federal awards | \$ 1,817,043 |

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? 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) | <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 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



Clinton Office
1307 E. Townsend Rd.
St. Johns, MI 48879
989-224-2195

Gratiot Office
151 Commerce Dr.
Ithaca, MI 48847
989-875-3681

Montcalm Office
615 N. State St.
Stanton, MI 48888
989-831-5237

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

Signature: _____ 

Contact Information of Responsible Party
Melissa Bowerman, Director of Administrative Services
(989)831-5237; Fax: (989) 831-5522