

Mid-Michigan District Health Department

Single Audit Report

September 30, 2021



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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, 2021, 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 18, 2022.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider 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 response 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 18, 2022



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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, 2021. 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, 2021.

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, 2021, 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 18, 2022, 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 18, 2022

**Mid-Michigan District Health Department
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021**

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Grantors Number	Award Amount	Expenditures
U.S. Department of Agriculture				
Passed through Michigan Department of Health and Human Services				
Special Nutrition Program for Women, Infants, and Children	10.557			
WIC Resident Services		212MI003W1003	\$ 705,097	\$ 625,922
WIC Breastfeeding		212MI003W1003	95,244	73,876
WIC Breastfeeding		202MI013W5003	<u>30,477</u>	<u>30,477</u>
			<u>830,818</u>	<u>730,275</u>
U.S. Department of the Treasury				
Passed through Michigan Department of Health and Human Services				
Coronavirus Relief Fund	21.019			
CRF Immunizations COVID Response		SLT0040	66,846	66,846
CRF Local Health Department Contact Tracing		SLT0040	49,400	49,400
CRF Local Health Department Testing		SLT0040	<u>120,005</u>	<u>67,693</u>
			<u>246,251</u>	<u>183,939</u>
U.S. Environmental Protection Agency				
Passed through Michigan Department of Environmental Quality				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds FY 20-21	66.468	FS975487-17	<u>9,299</u>	<u>8,658</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		NU90TP922062	5,490	5,490
Public Health Emergency Preparedness		NU90TP922062	100,593	97,760
Public Health Emergency Preparedness		NU90TP922062	<u>33,822</u>	<u>22,497</u>
			<u>139,905</u>	<u>125,747</u>
Passed Through Michigan Department of Health and Human Services				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			
Tuberculosis (TB) Control		NU52PS910173	587	265
Tuberculosis (TB) Control		NU52PS910173	<u>159</u>	<u>159</u>
			<u>746</u>	<u>424</u>
Passed Through Michigan Department of Health and Human Services				
Family Planning Services	93.217			
Family Planning Services		FPHPA006464	128,319	128,319
Family Planning Services		FPHPA006464	<u>125,917</u>	<u>125,917</u>
			<u>254,236</u>	<u>254,236</u>
Passed Through Michigan Department of Health and Human Services				
Immunization Cooperative Agreements	93.268			
FY 20-21 COVID Influenza Vaccination Supplemental		NH23IP922635	63,413	-
COVID Immunizations		NH23IP922635	177,051	152,065
Immunization Action Plan (IAP)		NH23IP922635	60,768	60,768
Immunization Action Plan (IAP)		NH23IP922635	20,256	20,256
Immunization Fixed Fees		NH23IP922635	12,900	1,700
Vaccine Supply - non-cash		N/A	<u>138,859</u>	<u>138,859</u>
			<u>473,247</u>	<u>373,648</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Mid-Michigan District Health Department
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021**

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Grantors Number	Award Amount	Expenditures
Passed Through Michigan Department of Community Health Drug-Free Communities Support Program Grants Clinton Substance Abuse Prevention Coalition	93.276	2H79SP020468-06	\$ 125,000	\$ 111,573
Epidemiology and Laboratory Capacity for Infectious Disease Reopening Schools HRA	93.323	NU50CK000510	201,600	12,658
ELC COVID-19 Contact Tracing Wraparound		NU50CK000510	120,774	120,774
ELC COVID-19 Contact Tracing Wraparound		NU50CK000510	40,262	40,262
ELC COVID-19 Contact Tracing Testing Coordination		NU50CK000510	193,926	193,926
ELC COVID-19 Contact Tracing Testing Coordination		NU50CK000510	38,786	38,786
ELC COVID-19 Contact Tracing Testing Coordination		NU50CK000510	75,000	75,000
ELC COVID-19 Infection Prevention		NU50CK000510	15,000	15,000
			<u>685,348</u>	<u>496,406</u>
U.S. Department of Health and Human Services				
Passed Through Michigan Department of Health and Human Services Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NO90TP922074	76,348	76,348
Medicaid Cluster Medical Assistance Program	93.778			
CSHCS Outreach & Advocacy		2105MI5ADM	58,364	58,364
CSHCS Medicaid Outreach		2105MI5ADM	29,834	29,834
CSHCS Medicaid Outreach		2205MI5ADM	32,928	32,928
MAP - Medicaid Outreach		2105MI5ADM	10,829	10,829
MAP - Medicaid Outreach		2205MI5ADM	273,433	3,107
Total Medicaid Cluster			<u>405,388</u>	<u>135,062</u>
Passed Through Michigan Department of Health and Human Services Preventative Health and Health Services Block Grant Local Health Department Sharing Services	93.991	NB01OT009324	35,000	5,486
Local Health Department Sharing Services		NB01OT009324	52,394	52,310
			<u>87,394</u>	<u>57,796</u>
Maternal and Child Health Services Block Grant to the States FY 20-21 MCH Children	93.994	BO440141	18,000	18,000
FY 20-21 MCH All Other		BO440141	67,204	30,010
			<u>85,204</u>	<u>48,010</u>
Total U.S. Department of Health and Human Services			<u>2,332,816</u>	<u>1,679,250</u>
Total Expenditures of Federal Awards			<u>\$ 3,419,184</u>	<u>\$ 2,602,122</u>

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, 2021

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, 2021. 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 or changes in net position of Mid-Michigan District Health Department.

Note 2 – Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the modified accrual or 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	\$ 4,717,763
Less: Difference between vaccines administered (revenue per financial statements) and vaccines received (expenditures per SEFA as instructed by grantor agency)	(4,480)
Less: State grants	<u>(2,111,161)</u>
Total expenditures of federal awards	<u>\$ 2,602,122</u>

Note 4 – Subrecipients

No amounts were provided to subrecipients.

**Mid-Michigan District Health Department
Schedule of Findings and Questioned Costs
September 30, 2021**

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>Assistance Listing 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? X yes no

Mid-Michigan District Health Department
Schedule of Findings and Questioned Costs
September 30, 2021

Section II – Government Auditing Standards Findings

Finding 2021-001 – Material Weakness – Audit Adjustments

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

Condition: Two material adjustments were required to ensure the financial statements were not materially misstated. The first material entry was required to increase contract receivables and deferred inflows of resources for the outstanding amounts related to space and equipment lease agreements. Prior to this adjustment, receivables and deferred inflows of resources were understated by \$171,800. The second material entry was required to increase the Medicaid Cost Based Reimbursement liability and decrease the related income. Prior to this adjustment, liabilities were understated, and income was overstated by \$212,919.

Cause: Contracts receivable, deferred inflow of resources, and the Medicaid Cost-Based Reimbursement liability were not properly reconciled at year end.

Effect: The adjustments were posted as a result of audit procedures in order to fairly state the balance. The adjustments had a material effect on the financial statements.

Recommendation: We recommend that management implements a process to reconcile the contracts receivable, related deferred inflows of resources, and Medicaid Cost-Based Reimbursement liability at year end. This process should include the calculation of those balances and related journal entries being reviewed and approved by a second individual.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See page 12 for the corrective action plan from management.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended September 30, 2021.

**Mid-Michigan District Health Department
Summary Schedule of Prior Audit Findings
September 30, 2021**

Section IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended September 30, 2020.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended September 30, 2020.



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**Mid-Michigan District Health Department
Audit Corrective Action Plan for Fiscal Year 2020/2021**

Finding 2021-001: Audit Adjustments - Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

There was a long-term lease agreement that was extended for 10 years. A journal that needed to be recorded to account for this long-term receivable and debt in the fiscal year. The second required adjustment was related to the Medicaid Full Cost Based Reimbursement related to overpayment of prior year funding. A liability needed to be recorded and income decreased. The Department acknowledges that these two adjustments 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 journals, these are both non-routine items. These non-routine items will be added to the end of the year checklist to ensure that any of these types of entries are properly recorded.

These items have already been corrected and will not be an issue in subsequent years.

Signature:  _____

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