

County of
Muskegon,
Michigan



Year Ended
September 30,
2019

Single Audit Act
Compliance

COUNTY OF MUSKEGON, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	5
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 <i>Government Auditing Standards</i>	7
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	9
Schedule of Findings and Questioned Costs	11
Summary Schedule of Prior Audit Findings	14



INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

March 27, 2020

Honorable Members of the
Board of Commissioners
of the County of Muskegon, Michigan
Muskegon, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the *County of Muskegon, Michigan* (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 27, 2020, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 basic financial statements and certain other 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.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster:					
School Breakfast Program (SBP)	10.553	MDE	191970 / 181970	\$ -	\$ 15,628
National School Lunch Program (NSLP)	10.555	MDE	191960 / 181960	-	30,968
			Total Child Nutrition Cluster	-	46,596
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC):					
WIC Program-Breastfeeding	10.557	MDHHS	172MI013W5003	-	32,500
WIC Program-Breastfeeding	10.557	MDHHS	182MI013W5003	-	692
WIC Program-Resident Services, WIC Admin	10.557	MDHHS	192MI003W1003	-	1,069,877
				-	1,103,069
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States (2017)	10.665	MDNR	-n/a-	4,263	4,263
U.S. Forest Service Law Enforcement Cooperative Agreement					
	10.704	Direct	16-LE-11090400-017	-	2,368
			Total U.S. Department of Agriculture	4,263	1,156,296
U.S. DEPARTMENT OF THE INTERIOR					
Payments in Lieu of Taxes - National Forestry Reserve	15.226	Direct	-n/a-	-	31,030
U.S. DEPARTMENT OF JUSTICE					
Crime Victim Assistance	16.575	MDHHS	E20192050-00	-	55,805
Adult Opioid Recovery Court	16.585	Direct	2018-DC-BX-0037	-	63,996
State Criminal Alien Assistance Program (SCAAP)	16.606	Direct	2019-AP-BX-1286	-	2,901
Edward Byrne Memorial JAG Program:					
West Michigan Enforcement Team Ottawa County	16.738	CO	70834-7-WEMET-19	-	14,000
West Michigan Enforcement Team Ottawa County	16.738	CO	70834-8-WEMET-19	-	28,000
				-	42,000
			Total U.S. Department of Justice	-	164,702
U.S. DEPARTMENT OF TRANSPORTATION					
Section 5304 Statewide and Non-Metropolitan Planning:					
Technology Study	20.505	MDOT	2012-0138-P17-R1	-	40,000
Route Study / Comprehensive Operational Analysis	20.505	MDOT	2017-0104-P7	-	97,557
				-	137,557
Federal Transit Cluster:					
Section 5307 Formula Grants:					
Capital Assistance	20.507	Direct	MI-2016-027-00	-	35,383
Capital Assistance	20.507	Direct	MI-2017-022-00	-	37,312
Capital Assistance	20.507	Direct	MI-2018-025-01-00	-	210,537
Capital Assistance	20.507	Direct	MI-2019-028-00	-	1,649,463
Congestion Mitigation & Air Quality (CMAQ) Improvement	20.507	Direct	MI-95-X094-02	-	247,549
				-	2,180,244
Section 5339 Bus and Bus Facilities Formula Program:					
Capital Assistance/Support Equipment	20.526	Direct	MI-2018-025-02-00	-	5,655
			Total Federal Transit Cluster	-	2,185,899

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (CONCLUDED)					
Section 5311 Operating Formula Grants for Rural Areas: Operating Assistance	20.509	MDOT	2017-0104-P12	\$ -	\$ 13,557
Transit Services Programs Cluster:					
Section 5310/5317 New Freedom Program:					
Two <30 ft Replacement Buses w/ lifts	20.513	MDOT	2017-0104-P4	-	124,309
Bus Stop Improvements	20.513	MDOT	2012-0138-P013-R2	-	45,650
				-	169,959
Bus Stop Improvements	20.521	MDOT	2012-0138-P20-R2	-	30,857
Enhanced Mobility	20.521	MDOT	2017-0104-P11	-	107,972
				-	138,829
			Total Transit Services Programs Cluster	-	308,788
Highway Safety Cluster:					
Strategic Traffic Enforcement Program	20.600	MSP	PT-19-34	-	18,175
Alcohol Impaired Driving Countermeasures	20.601	MSC SCAO	AL-19-05	-	51,290
National Priority Safety Program	20.616	MSP	PS-19-03	-	10,148
			Total Highway Safety Cluster	-	79,613
Hazardous Materials Emergency Preparedness Grant	20.703	MSP	HM-HMP-0558-16	-	1,000
			Total U.S. Department of Transportation	-	2,726,414
U.S. ENVIRONMENTAL PROTECTION AGENCY					
State Drinking Water Revolving Loan Fund Program	66.468	MDEQ	FS975487-17	-	4,059
Great Lakes Beach Water Monitoring	66.472	MDEQ	CU-OOE99309	9,014	9,014
			Total U.S. Environmental Protection Agency	9,014	13,073
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Public Health Emergency Preparedness Programs:					
Hospital Preparedness 10/01/18 - 6/30/19	93.069	MDHHS	NU90TP921906	-	101,001
Hospital Preparedness 7/01/19 - 9/30/19	93.069	MDHHS	NU90TP922062	-	32,385
				-	133,386
Immunization Cooperative Agreements:					
Vaccines for Children (non-cash assistance)	93.268	MDHHS	-n/a-	-	138,586
Immunization Action Plan (IAP):					
Award date 1/21/2016	93.268	MDHHS	NH23IP000752	-	62,196
Award date 6/26/2019	93.268	MDHHS	NH23IP922635	-	20,731
Immunization Fixed Fees	93.268	MDHHS	NH23IP000752	-	8,400
				-	229,913
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	MDHHS	NU50CK000369	-	20,000
Local Health Opioid Response	93.354	MDHHS	NU90TP921987	-	49,413
Child Support Enforcement (Title IV-D):					
Cooperative Reimbursement Program - Friend of the Court	93.563	MDHHS	CSCOM17-61003	-	2,625,285
Child Support Incentives	93.563	MDHHS	CSCOM17-61003	-	263,143
				-	2,888,428
Child Support Enforcement Research: Procedural Action to Self Sufficiency (PASS)	93.564	MDHHS	90FD0207/ADMIN18-61001	-	598,489
State Access and Visitation Program	93.597	MSC SCAO	SCAO-2019-021	-	2,680

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONCLUDED)					
Medicaid Cluster:					
Medical Assistance Program (Medicaid):					
Children's Special Health Care Services (CSHCS):					
CSHCS Outreach & Advocacy	93.778	MDHHS	1905MI5ADM	\$ -	\$ 58,365
CSHCS Medicaid Elevated Blood Lead Case Mgmt	93.778	MDHHS	1905MI5MAP	-	4,838
CSHCS Medicaid Outreach	93.778	MDHHS	2005MI5ADM	-	25,621
CSHCS Care Coordination Services: Title V / XIX	93.778	MDHHS	B0432550	-	13,265
CSHCS Case Management Services: Title V / XIX	93.778	MDHHS	1905MI5MAP	-	2,923
				<u>-</u>	<u>105,012</u>
Maternal and Child Health Services Block Grant to the States:					
Public Health Functions & Infrastructure	93.994	MDHHS	B0432550	-	105,173
Enabling Services Women	93.994	MDHHS	B0432550	-	40,000
Enabling Services Children	93.994	MDHHS	B0432550	-	19,000
Fetal Infant Mortality Review Case Abstraction	93.994	MDHHS	B0432550	-	1,455
Infant Safe Sleep Program	93.994	MDHHS	B0432550	-	19,081
Childhood Lead Poisoning Prevention Program - Award date 10/24/2017	93.994	MDHHS	B04MC31495	-	1,666
Childhood Lead Poisoning Prevention Program - Award date 01/11/2019	93.994	MDHHS	B0432550	-	18,334
Care Coordination: Title V Clients	93.994	MDHHS	B0432550	-	11,180
				<u>-</u>	<u>215,889</u>
Total U.S. Department of Health and Human Services				<u>-</u>	<u>4,243,210</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
AmeriCorps Urban Safety Corps	94.006	MDHHS	MACFF2018-E20183159	-	111,249
EXECUTIVE OFFICE OF THE PRESIDENT					
High Intensity Drug Trafficking Areas Programs	95.001	MSP/CO	-n/a-	-	2,667
U.S. DEPARTMENT OF HOMELAND SECURITY					
Emergency Management Performance Grant	97.042	MSP	EMC-2018-EP-00002	-	40,366
Homeland Security Grant Program	97.067	WMSRDC	R6-2016-80	-	84,824
Total U.S. Department of Homeland Security				<u>-</u>	<u>125,190</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 13,277</u>	<u>\$ 8,573,831</u>

concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Muskegon, Michigan (the "County") under programs of the federal government for the year ended September 30, 2019. 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 the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Comprehensive Annual Financial Report. The County's financial statements include the operations of the Muskegon County Road Commission, a discretely presented component unit, and HealthWest, a major special revenue fund, which received federal awards that are not included in the Schedule for the year ended September 30, 2019, as these entities were separately audited.

2. DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. RECONCILIATION TO FINANCIAL STATEMENTS

A reconciliation of the amounts presented in the Schedule to the amounts presented in the financial statements is as follows:

Federal revenue as reported in the financial statements:	
Governmental funds	\$ 11,307,429
Enterprise funds:	
Grants and contributions - federal	2,280,522
Capital contributions - federal	4,669,156
Internal service funds - capital contributions - federal	386,726
Component units - included in capital grants and contributions	111,249
Amounts expended directly by the Michigan Department of Transportation for the benefit of the County of Muskegon	(4,303,877)
Amounts received under a vendor relationship	(494,406)
Amounts audited by other auditors	<u>(5,382,968)</u>
Federal expenditures as reported on the Schedule	<u>\$ 8,573,831</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
CO	County of Ottawa, Michigan
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental, Great Lakes & Energy
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MSP	Michigan State Police
MSC SCAO	Michigan Supreme Court, State Court Administrative Office
WMSRDC	West Michigan Shoreline Regional Development Commission

5. OTHER FEDERAL REVENUE

The County is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures (which totaled \$4,303,877 for the year ended September 30, 2019) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.



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*

March 27, 2020

Honorable Members of the
Board of Commissioners
of the County of Muskegon, Michigan
Muskegon, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Muskegon, Michigan* (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the Muskegon County Road Commission (a discretely presented component unit) and HealthWest (a major special revenue fund), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Muskegon County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’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.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 27, 2020

Honorable Members of the
Board of Commissioners
of the County of Muskegon, Michigan
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Muskegon, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended September 30, 2019. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Muskegon County Road Commission (a discretely presented component unit) and HealthWest (a major special revenue fund), which received federal awards that are not included in the schedule of federal awards. Our audit, described below, did not include the operations of the Muskegon County Road Commission or HealthWest, as those entities engaged other auditors to perform their audits.

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.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County'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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the County 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 the County'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 the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Purpose of this Report

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.



COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major 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 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 programs:

CFDA Number

Name of Federal Program or Cluster

93.563

Child Support Enforcement

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

COUNTY OF MUSKEGON, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2019

None noted.

