

County of
Muskegon,
Michigan



Year Ended
September 30,
2021

Single Audit Act
Compliance

Rehmann

COUNTY OF MUSKEGON, MICHIGAN

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

March 29, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 29, 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 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.

Rehmann Johnson LLC

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing 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	201970 / 191970	\$ -	\$ 5,754
National School Lunch Program (NSLP)	10.555	MDE	201960 / 191960	-	11,556
Total Child Nutrition Cluster				-	17,310
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC):					
WIC Program-Breastfeeding	10.557	MDHHS	202MI003W5003	-	48,130
WIC Program-Resident Services, WIC Admin	10.557	MDHHS	212MI003W1003	-	1,039,158
				-	1,087,288
Forest Service Schools and Roads Cluster:					
Schools and Roads – Grants to States (2019)	10.665	MDNR	-n/a-	4,485	4,485
U.S. Forest Service Law Enforcement Cooperative Agreement	10.704	Direct	16-LE-11090400-0118	-	800
Great Lakes Sediment and Nutrient Reduction Program	10.902	GLC	GLSNRP-11-02	-	178,626
Total U.S. Department of Agriculture				4,485	1,288,509
U.S. Department of the Interior					
Payments in Lieu of Taxes - National Forestry Reserve	15.226	Direct	-n/a-	-	32,282
U.S. Department of Justice					
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	Direct	2020-VD-BX-0204	-	5,350
Crime Victim Assistance	16.575	MDHHS	E20210649	-	65,974
Adult Opioid Recovery Court	16.585	Direct	2018-DC-BX-0037	-	109,711
STOP Violence Against Women Grant	16.588	MDHHS	E20212434-001	-	150,373
Edward Byrne Memorial JAG Program:					
West Michigan Enforcement Team Ottawa County	16.738	CO	70834-7-WEMET-2019	-	16,284
West Michigan Enforcement Team Ottawa County	16.738	CO	70834-8-WEMET-2021	-	16,284
State Court Administrative Office	16.738	MSC SCAO	72159-SCAO-2021	-	38,332
				-	70,900
Swift and Sure Sanctions Enhancement and Research Project	16.828	Direct	2020-HO-BX-0001	-	33,250
Total U.S. Department of Justice				-	435,558
U.S. Department of Transportation					
Airport Improvement Program:					
COVID-19 - CARES Act Airport Grant	20.106	Direct	3-26-0071-045-2020	-	917,759
Federal Transit Cluster:					
Section 5307 Formula Grants:					
Capital Assistance / CMAQ	20.507	Direct	MI-2017-022-01	-	70,678
COVID-19 - Capital Assistance (CARES Act Operating Assistance)	20.507	Direct	MI-2020-014-00	-	2,149,976
				-	2,220,654
Section 5339 Bus and Bus Facilities Formula Program:					
Capital Assistance/Support Equipment	20.526	Direct	MI-2019-028-00	-	10,450
Total Federal Transit Cluster				-	2,231,104
Transit Services Programs Cluster:					
Section 5310/5317 New Freedom Program	20.513	MDOT	2017-0104/P21	-	118,217

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Transportation (Concluded)					
Highway Safety Cluster:					
Strategic Traffic Enforcement Program	20.600	MSP	PT-21-32	\$ -	\$ 56,079
Alcohol Impaired Driving Countermeasures	20.601	MSC SCAO	2019-17729	-	21,000
Total Highway Safety Cluster				-	77,079
Total U.S. Department of Transportation				-	3,344,159
U.S. Department of Treasury					
COVID-19 - Coronavirus Relief Fund (CRF):					
CRF Local Health Department Contact Tracing	21.019	MDHHS	SLT0040 / 220000	-	437,370
CRF Local Health Department Testing	21.019	MDHHS	SLT0040	-	86,800
CRF Immunizations and COVID Response	21.019	MDHHS	SLT0040	-	74,512
Public Safety & Public Health Payroll Reimbursement Program (PSPHPR)	21.019	MDT	SLT0040 and SLT0247	-	4,799
Total U.S. Department of Treasury				-	603,481
U.S. Environmental Protection Agency					
Great Lakes Beach Water Monitoring	66.472	MDEGLE	CU-00E99310	8,482	8,482
U.S. Department of Health and Human Services					
Public Health Emergency Preparedness Programs:					
Hospital Preparedness 10/01/19 - 6/30/20:					
Award Date 6/29/2020	93.069	MDHHS	NU90TP922062	-	99,365
Hospital Preparedness 7/01/21 - 9/30/21	93.069	MDHHS	NU90TP922062	-	31,304
				-	130,669
Tuberculosis (TB) Control Program:					
Award year 2019	93.116	MDHHS	NU52PS910173	-	1,477
Immunization Cooperative Agreements:					
Vaccines for Children (non-cash assistance)	93.268	MDHHS	n/a	-	80,019
Immunization Action Plan (IAP)	93.268	MDHHS	NH23IP922635	-	82,885
COVID-19 - Immunization	93.268	MDHHS	NH23IP922635	-	143,116
COVID-19 - Influenza Vaccination Supplemental	93.268	MDHHS	NH23IP922635	-	70,685
				-	376,705
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):					
COVID-19 - ELC COVID-19 Contact Tracing Coordination	93.323	MDHHS	NU50CK000510	-	622,134
COVID-19 - ELC COVID-19 Contact Tracing Coordination	93.323	MDHHS	NU50CK000510	-	204,485
COVID-19 - ELC COVID-19 Infection Prevention	93.323	MDHHS	NU50CK000510	-	84,884
COVID-19 - Mobile Testing	93.323	MDHHS	NU50CK000510	-	97,425
ELC Contract Tracing Wraparound	93.323	MDHHS	NU50CK000510	-	30,000
				-	1,038,928
Child Support Enforcement (Title IV-D):					
Cooperative Reimbursement Program - Friend of the Court					
	93.563	MDHHS	CSCOM17-61003	-	2,149,083
Child Support Incentives	93.563	MDHHS	CSCOM17-61003	-	301,196
				-	2,450,279
Child Support Enforcement Research:					
Procedural Action to Self Sufficiency (PASS)	93.564	MDHHS	90FD0207/ADMIN18-61001	-	540,971
Foster Care Title IV-E Program	93.658	MDHHS	E20212937	-	121,662
Medicaid Cluster:					
Medical Assistance Program (Medicaid):					
Children's Special Health Care Services (CSHCS):					
CSHCS Outreach & Advocacy	93.778	MDHHS	2105MI5ADM	-	58,365
CSHCS Medicaid Outreach	93.778	MDHHS	2205MI5ADM	-	2,799
CSHCS Care Coordination Services: Title V / XIX	93.778	MDHHS	2105MI5ADM	-	5,130
CSHCS Medicaid Elevated Blood Lead Case Mgmt	93.778	MDHHS	2205MI5MAP	-	1,613
				-	67,907

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
Michigan Opioid Response SOS Evaluation	93.788	MDHHS	H79TI081712	\$ -	\$ 5,008
Maternal and Child Health Services Block Grant to the States:					
Public Health Functions & Infrastructure:					
Award date 11/15/2018	93.994	MDHHS	B04MC32550	-	96,269
Enabling Services Children	93.994	MDHHS	B0440141	-	20,000
Childhood Lead Poisoning Prevention Program	93.994	MDHHS	B0440141	-	9,113
Care Coordination: Title V Clients	93.994	MDHHS	B0440141	-	1,740
				-	127,122
Total U.S. Department of Health and Human Services				-	4,860,728
Corporation For National & Community Service					
AmeriCorps Urban Safety Corps	94.006	MDHHS	MACFF2019- E20183159/18AFHMI001	-	5,781
Executive Office of the President					
High Intensity Drug Trafficking Areas Programs	95.001	MSP/CO	-n/a-	-	4,465
U.S. Department of Homeland Security					
Emergency Management Performance Grant	97.042	MSP	EMC-2021-EP-00003	-	39,693
COVID-19 - Emergency Management Performance Grant ARPA Portion	97.042	MSP	EMC-2021-EP-00006	-	20,688
				-	60,381
Homeland Security Grant Program	97.067	WMRMC	R6-2017-80 /R6-2018-80 /R6-2019	-	129,334
Total U.S. Department of Homeland Security				-	189,715
Total Expenditures of Federal Awards				\$ 12,967	\$ 10,773,160

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, 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 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 Annual Comprehensive 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, 2021, as these entities were separately audited.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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	\$ 12,351,635
Enterprise funds:	
Grants and contributions - federal	3,267,080
Capital contributions - federal	232,483
Internal service funds - capital contributions - federal	422,446
Component units - included in capital grants and contributions	184,407
Amounts expended directly by the Michigan Department of Transportation for the benefit of the County of Muskegon	(232,483)
Amounts received under a vendor relationship	(484,371)
Amounts audited by other auditors	<u>(4,968,037)</u>
Federal expenditures as reported on the Schedule	<u><u>\$ 10,773,160</u></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
GLC	Great Lakes Commission
MDE	Michigan Department of Education
MDEGLE	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
MDT	Michigan Department of Treasury
MSP	Michigan State Police
MSC SCAO	Michigan Supreme Court, State Court Administrative Office
WMRMC	West Michigan Regional Medical Consortium

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 \$232,483 for the year ended September 30, 2021) 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 29, 2022

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, 2021, 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 29, 2022. 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) as a basis for designing 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 financial statements. 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 "Lehmann Lobson 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 29, 2022

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 each of the County's major federal programs for the year ended September 30, 2021. The County's major federal programs are 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 each 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 each of its major federal programs for the year ended September 30, 2021.

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. 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.

Rehmann Johnson LLC

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2021

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:

Assistance Listing Number

20.106
20.507 & 20.526
21.019
93.323

Name of Federal Program or Cluster

COVID-19 - Airport Improvement Program
Federal Transit Cluster
COVID-19 - Coronavirus Relief Fund (CRF)
Epidemiology and Laboratory Capacity
for Infectious Diseases

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2021

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, 2021

2020-001 - Material Audit Adjustments

Material adjustments were necessary to adjust the County's general ledger to the appropriate balances. These entries related to capital assets in the Wastewater enterprise fund and the liability for postclosure costs in the Solid Waste enterprise fund. This finding has been corrected in the current year.

