

County of Kent,  
Michigan



Year Ended  
December 31,  
2015

Single Audit Act  
Compliance

# COUNTY OF KENT, MICHIGAN

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

June 15, 2016

Honorable Members of the  
Board of Commissioners  
of the County of Kent  
Grand Rapids, 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 Kent, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 15, 2016, 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 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.

*Rehmann Robson LLC*

COUNTY OF KENT, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Agriculture</b>					
** Child Nutrition Cluster:					
Breakfast Program	10.553	MDE	41-000-8003A	\$ -	\$ 52,980
Lunch Program	10.555	MDE	41-000-8003A	-	96,339
Commodities (non-cash assistance)	10.555	MDE	41-000-8003	-	5,797
				<u>-</u>	<u>155,116</u>
** Supplemental Nutrition Program for Women, Infants, and Children (WIC):					
Resident Services Administration (FY 2015)	10.557	MDHHS	IW100342	246,621	3,244,648
Resident Services Administration (FY 2016)	10.557	MDHHS	IW100342	60,258	811,162
Breastfeeding Peer Counseling (FY 2015)	10.557	MDHHS	W500342	-	208,455
Breastfeeding Peer Counseling (FY 2016)	10.557	MDHHS	W500342	-	53,677
				<u>306,879</u>	<u>4,317,942</u>
<b>Total U.S. Department of Agriculture</b>				<u>306,879</u>	<u>4,473,058</u>
<b>U.S. Department of Housing and Urban Development</b>					
* Community Development Block Grant:					
2010-2011 Award	14.218	Direct	B-10-UC-26-0004	-	43,806
2011-2012 Award	14.218	Direct	B-11-UC-26-0004	-	28,865
2012-2013 Award	14.218	Direct	B-12-UC-26-0004	-	144,405
2013-2014 Award	14.218	Direct	B-13-UC-26-0004	-	228,573
2014-2015 Award	14.218	Direct	B-14-UC-26-0004	364,142	948,654
2015-2016 Award	14.218	Direct	B-15-UC-26-0004	193,963	292,686
Neighborhood Stabilization Program	14.218	Direct	B-08-UN-26-0002	-	25,077
				<u>558,105</u>	<u>1,712,066</u>
* Emergency Solutions Grant:					
Homelessness Prevention and Rapid Rehousing Program	14.231	Direct	E-14-UC-26-0004	120,583	120,583
* Home Investment Partnerships Program (HOME):					
2010-2011 Award	14.239	Direct	M-10-UC-26-0221	-	71,318
2011-2012 Award	14.239	Direct	M-11-UC-26-0221	-	505,921
2012-2013 Award	14.239	Direct	M-12-UC-26-0221	-	115,054
2013-2014 Award	14.239	Direct	M-13-UC-26-0221	-	358,732
2014-2015 Award	14.239	Direct	M-14-DC-26-0221	-	23,753
2015-2016 Award	14.239	Direct	M-15-DC-26-0221	-	17,817
				<u>-</u>	<u>1,092,595</u>
* Continuum of Care:					
Sponsor-based Rental Assistance	14.267	Direct	MI0174L5F061306	372,889	380,867
Sponsor-based Rental Assistance	14.267	Direct	MI0174L5F061407	178,834	213,189
Tenant-based Rental Assistance	14.267	Direct	MI0173L5F061306	827,018	842,924
Tenant-based Rental Assistance	14.267	Direct	MI0173L5F061407	331,575	400,252
Sponsor-based Rental Assistance	14.267	Direct	MI0175L5F061306	6,754	8,938
Sponsor-based Rental Assistance	14.267	Direct	MI0175L5F061407	18,778	20,583
				<u>1,735,848</u>	<u>1,866,753</u>

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# COUNTY OF KENT, MICHIGAN

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Housing and Urban Development (Concluded)</b>					
Section 8 Housing Choice Voucher Program:					
Housing Choice Vouchers 2013-2014 Award	14.871	Direct	MI198VO	\$ -	\$ 249,889
Housing Choice Vouchers 2014-2015 Award	14.871	Direct	MI198VO	-	2,474,800
Family Services Coordinator	14.871	Direct	MI198FS	-	106,779
Veterans 2014-2015 Award	14.871	Direct	MI198VO	-	609,843
				<u>-</u>	<u>3,441,311</u>
** Lead-based Paint Hazard Control Grant	14.900	CGR	MILHB0437-12	-	53,715
<b>Total U.S. Department of Housing and Urban Development</b>				<u>2,414,536</u>	<u>8,287,023</u>
<b>U.S. Department of Justice</b>					
National Institute of Justice Research, Evaluation and Development Project Grants					
	16.560	Direct	2014-DN-BX-K064	-	57,851
<b>** Justice Assistance Grant:</b>					
Metropolitan Enforcement Team (MET)	16.738	CGR	2013-MU-BX-0051	-	18,333
Metropolitan Enforcement Team (MET)	16.738	CGR	2015-MU-BX-0964	-	12,555
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CGR	2015-DJ-BX-0849	-	58,913
				<u>-</u>	<u>89,801</u>
Equitable Sharing Program	16.922	Direct	MI4114100	59,090	177,615
<b>Total U.S. Department of Justice</b>				<u>59,090</u>	<u>325,267</u>
<b>U.S. Department of Transportation</b>					
Airport Improvement Program <sup>(1)</sup> :					
Consolidated Checkpoint Project	20.106	MDOT	3-26-0036-5215	-	3,987,379
Storm Water Management Program	20.106	MDOT	3-26-0036-5014	-	935,835
Storm Water Management Program	20.106	MDOT	3-26-0036-5114	-	5,851,474
Concourse B Expansion	20.106	MDOT	3-26-0036-4913	-	111,179
				<u>-</u>	<u>10,885,867</u>
** Strategic Traffic Enforcement - OWI	20.600	WYO	PT-15-31	-	27,693
** Hazardous Materials Emergency Planning	20.703	MSP	HM-HMP-0439-14-01-00	-	19,944
** Hazardous Materials Emergency Planning	20.703	MSP	not available	-	1,452
				<u>-</u>	<u>21,396</u>
<b>Total U.S. Department of Transportation</b>				<u>-</u>	<u>10,934,956</u>
<b>U.S. Department of Treasury</b>					
Treasury Forfeiture Fund	21.000	Direct	MI4114100	-	1,433
<b>U.S. Environmental Protection Agency</b>					
** Non-Community Water Supply (FY 2015)	66.468	MDEQ	FS97548711	-	150
** Non-Community Water Supply (FY 2015)	66.468	MDEQ	FS97548712	-	438
				<u>-</u>	<u>588</u>

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>					
** Public Health Emergency Preparedness:					
Bioterrorism (10/2014 to 6/2015)	93.069	MDHHS	U9OTP000528	\$ -	\$ 162,625
Bioterrorism (7/2015 to 9/2015)	93.069	MDHHS	U9OTP000528	-	53,674
Bioterrorism (10/2015 to 6/2016)	93.069	MDHHS	U9OTP000528	-	40,256
Ebola Virus Disease Phase II (FY 2015)	93.069	MDHHS	U9OTP000528	-	13,202
Ebola Virus Disease Phase II (FY 2016)	93.069	MDHHS	U9OTP000528	-	6,783
Bioterrorism Lab Services (FY 2015)	93.069	MDHHS	U9OTP000528	-	57,447
Bioterrorism Lab Services (FY 2016)	93.069	MDHHS	U9OTP000528	-	7,500
				<u>-</u>	<u>341,487</u>
** Tuberculous Control Program:					
Tuberculous Control Program and AIDS (FY 2015)	93.116	MDHHS	U52 CCU500499	-	14,023
Tuberculous Control Program (FY 2015)	93.116	MDHHS	1U52PS004693	-	27,679
Tuberculous Control Program (FY 2016)	93.116	MDHHS	1U52PS004693	-	6,231
				<u>-</u>	<u>47,933</u>
** Sexual Violence Prevention:					
Rape Prevention Education (FY 2015)	93.136	MDHHS	1UF2CE002424-01	-	89,860
Rape Prevention Education (FY 2016)	93.136	MDHHS	1UF2CE002424-01	-	26,180
				<u>-</u>	<u>116,040</u>
** Immunization:					
Immunization Action Plan (IAP) (FY 2015)	93.268	MDHHS	H23 CCH522556	-	305,094
Immunization Action Plan (IAP) (FY 2016)	93.268	MDHHS	H23 CCH522556	-	81,893
Local Public Health Billing (FY 2015)	93.268	MDHHS	H23IP000940	-	6,642
Local Public Health Billing (FY 2016)	93.268	MDHHS	H23IP000940	-	3,340
Vaccines (non-cash assistance) (FY 2015)	93.268	MDHHS	-n/a-	-	856,251
				<u>-</u>	<u>1,253,220</u>
** Epidemiology and Laboratory Capacity for Infectious Diseases (FY 2015)	93.323	MDHHS	1U50CK000369-02	-	6,000
** Affordable Care Act Maternal, Infant, and Early Childhood Home Visitation Program:					
Expansion Grant Seed Funding (FY 2015)	93.505	MDHHS	D89MC26358	-	243,250
Expansion Grant Seed Funding (FY 2016)	93.505	MDHHS	D89MC26358	-	60,813
				<u>-</u>	<u>304,063</u>
** Prevention and Public Health Fund Capacity Assistance for Immunizations (FY 2015)	93.539	MDHHS	H23IP000752	-	21,018
** Child Support Enforcement:					
Title IV-D - Incentive Payments	93.563	MDHHS	CS/FOC-13-41001	-	1,208,403
Title IV-D - Friend of the Court	93.563	MDHHS	CS/FOC-13-41001	-	5,235,743
Title IV-D - Prosecuting Attorney	93.563	MDHHS	CSPA-13-41002	-	1,487,301
				<u>-</u>	<u>7,931,447</u>

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>					
** Refugee Health Assessments:					
Tuberculosis Control	93.566	MDHHS	RA-12-41001	\$ -	\$ 36,921
Immunizations	93.566	MDHHS	RA-12-41001	-	470,111
CN Refugee	93.566	MDHHS	RA-12-41001	-	474,456
				<u>-</u>	<u>981,488</u>
** Access and Visitation Grant (FY 2015)	93.597	SCAO	SCAO-2015-022	-	6,760
** Access and Visitation Grant (FY 2016)	93.597	SCAO	SCAO-2016-022	-	2,690
				<u>-</u>	<u>9,450</u>
** Prevention and Public Health Fund:					
Racial and Ethnic Approaches to Community Health	93.738	Direct	1U58DP005943-01	125,884	371,211
Racial and Ethnic Approaches to Community Health	93.738	Direct	NU58DP005943-01-03	8,213	44,148
Racial and Ethnic Approaches to Community Health	93.738	Direct	NU58DP005943-02-00	49,652	100,286
				<u>183,749</u>	<u>515,645</u>
** Breast and Cervical Cancer Control Program:					
BCCCP Coordination (FY 2015)	93.752	MDHHS	1U58DP003921	-	325,575
BCCCP Coordination (FY 2016)	93.752	MDHHS	1U58DP003921	-	48,125
BCCCP Family Planning (FY 2015)	93.752	MDHHS	1U58DP003921	-	11,440
				<u>-</u>	<u>385,140</u>
** Prevention of Obesity, Diabetes, Heart Disease and Stroke	93.757	YMCA	20161338-00	-	55,175
** Medical Assistance Program:					
Medicaid Outreach and Advocacy (FY 2015)	93.778	MDHHS	05 U05M15ADM	257,422	385,039
Medicaid Outreach and Advocacy (FY 2016)	93.778	MDHHS	05 U05M15ADM	76,605	100,902
Medicaid Outreach - TB (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	6,683
Medicaid Outreach - TB (FY 2016)	93.778	MDHHS	05 U05M15ADM	-	3,410
Medicaid Outreach - WIC (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	327,159
Medicaid Outreach - WIC (FY 2016)	93.778	MDHHS	05 U05M15ADM	-	69,866
Medicaid Outreach - Immunizations (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	152,956
Medicaid Outreach - Immunizations (FY 2016)	93.778	MDHHS	05 U05M15ADM	-	57,921
CSHCS Medicaid Outreach (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	58,449
CSHCS Medicaid Outreach and Advocacy (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	142,500
CSHCS Medicaid Outreach and Advocacy (FY 2016)	93.778	MDHHS	05 U05M15ADM	-	35,625
Nurse Family Partnership Services (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	118,037
Nurse Family Partnership Services (FY 2016)	93.778	MDHHS	05 U05M15ADM	-	29,509
Nurse Family Partnership Medicaid Outreach (FY 2015)	93.778	MDHHS	05 U05M15ADM	-	111,941
				<u>334,027</u>	<u>1,599,997</u>

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Health and Human Services (Concluded)</b>					
** Strong Beginnings Program					
2013-2014 Award	93.926	SPEC	2 H49MC03591-10-01	\$ -	\$ 3,304
2014-2015 Award	93.926	SPEC	2 H49MC03591-11-00	-	189,463
2015-2016 Award	93.926	SPEC	3 H49MC03591-11-00	-	20,195
				<u>-</u>	<u>212,962</u>
** HIV Prevention (FY 2015)	93.940	MDHHS	U62 PS003671	-	112,169
** HIV Prevention (FY 2016)	93.940	MDHHS	U62 PS003671	-	22,684
				<u>-</u>	<u>134,853</u>
** Chronic Disease Prevention and Control Obesity Prevention Active Living	93.945	MDHHS	1U58DP004814	-	13,920
** Substance Abuse Block Grant:					
Coalition	93.959	LRP	93-BI-MI-SAPT-15	-	456
Coalition	93.959	LRP	93-BI-MI-SAPT-16	-	673
HERRS	93.959	N180	93-BI-MI-SAPT-15	-	23,314
HERRS	93.959	N180	93-BI-MI-SAPT-16	-	4,102
FAS	93.959	LRP	93-BI-MI-SAPT-15	-	139,854
FAS	93.959	LRP	93-BI-MI-SAPT-16	-	48,205
Adult Heavy Drinking	93.959	LRP	93-BI-MI-SAPT-15	-	9,932
Adult Heavy Drinking	93.959	LRP	93-BI-MI-SAPT-15	-	31,681
Data Project	93.959	LRP	93-BI-MI-SAPT-15	-	5,650
Data Project	93.959	LRP	93-BI-MI-SAPT-16	-	3,075
				<u>-</u>	<u>266,942</u>
** Maternal and Child Health Services Block Grant:					
Maternal Infant Health Program:					
Children (FY 2015)	93.994	MDHHS	B1MIMCHS	-	220,113
Children (FY 2016)	93.994	MDHHS	B1MIMCHS	-	56,548
Women (FY 2015)	93.994	MDHHS	B1MIMCHS	-	97,108
Women (FY 2016)	93.994	MDHHS	B1MIMCHS	-	22,757
Childhood Lead Poisoning:					
Education and Outreach (FY 2015)	93.994	MDHHS	B1MIMCHS	-	40,000
Education and Outreach (FY 2016)	93.994	MDHHS	B1MIMCHS	-	10,000
Intervention (FY 2015)	93.994	MDHHS	B1MIMCHS	-	25,000
Intervention (FY 2016)	93.994	MDHHS	B1MIMCHS	-	1,563
Prevention (FY 2015)	93.994	MDHHS	B1MIMCHS	-	25,000
Prevention (FY 2016)	93.994	MDHHS	B1MIMCHS	-	16,875
				<u>-</u>	<u>514,964</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>517,776</u>	<u>14,711,744</u>
<b>U.S. Department of Homeland Security</b>					
** Emergency Management Performance Grant	97.042	MSP	EMW-2015-EP-00029-S01	-	18,382
** Emergency Management Performance Grant	97.042	MSP	not available	-	4,595
				<u>-</u>	<u>22,977</u>

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# COUNTY OF KENT, MICHIGAN

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security (Concluded)					
Homeland Security Grant Program:					
2013 Award (non-cash assistance)	97.067	WMSRDC	-n/a-	\$ 49,480	\$ 102,430
2013 Award	97.067	WMSRDC	EMW-2013-SS-00049	21,760	63,580
2014 Award	97.067	WMSRDC	EMW-2014-SS-00059	-	97,377
				<u>71,240</u>	<u>263,387</u>
Total U.S. Department of Homeland Security				<u>71,240</u>	<u>286,364</u>
Total Expenditures of Federal Awards				<u>\$ 3,369,521</u>	<u>\$ 39,020,433</u>

concluded

- \* Grant activity was previous reported in the County CAFR in a 6/30 year-end fund. See Note 3.  
 \*\* Grant activity was previously reported in the County CAFR in a 9/30 year-end fund. See Note 3.  
 (1) See Note 4 for revenue recognition information

See notes to schedule of expenditures of federal awards.

# COUNTY OF KENT, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Kent, Michigan (the "County") under programs of the federal government for the year ended December 31, 2015. 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 Kent County Community Mental Health Authority (Network180) and the Kent County Road Commission discretely-presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2015, as these entities were separately audited.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

### 3. FISCAL REPORTING

Certain departments previously reported on a different fiscal year than the County. Grants previously accounted for and reported on year-ends other than December 31 were changed to a calendar year-end reporting period in the current year in both the financial statements and the Schedule. Accordingly, grants previously accounted for in June 30 year-end funds are presented in the Schedule with 18 months of activity and grants previously accounted for in September 30 fiscal year-end funds are presented in the Schedule with 15 months of activity. Such grants are denoted as such in the Schedule.

### 4. AIRPORT IMPROVEMENT PROGRAM

The Department of Aeronautics (operating as Gerald R. Ford International Airport) receives allocations under the Airport Improvement Program. Based on an extensive application and apportionment process, the County is awarded grants for capital improvements. Reimbursement requests are subject to review and approval by the Michigan Department of Transportation and the Federal Aviation Administration. Based on this review, actual reimbursement may vary with the amount requested. The County has submitted reimbursement requests for certain amounts included on the Schedule that have not yet been reimbursed. The amount reported for these awards is estimated based on the federal participation percentage in the award documents. Variances in the amounts requested and the amounts ultimately received will be recorded on the Schedule in the year the funds are received.

# COUNTY OF KENT, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 5. 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
CGR	City of Grand Rapids, Michigan
LRP	Lakeshore Regional Partners
MDHHS	Michigan Department of Health and Human Services
MDE	State of Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDOT	Michigan Department of Transportation
MSP	Michigan State Police
N180	Kent County Community Mental Health (Network180)
SCAO	Michigan State Court Administrative Office
SPEC	Spectrum Health
WMSRDC	West Michigan Shoreline Regional Development Corporation
WYO	City of Wyoming, Michigan
YMCA	Grand Rapids Metropolitan YMCA



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**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***

June 15, 2016

Honorable Members of the  
Board of Commissioners  
of the County of Kent  
Grand Rapids, 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 Kent, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2016. Our report includes a reference to other auditors who audited the financial statements of the Kent County Community Mental Health Authority and the Kent County Road Commission, 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.

#### 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.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and questioned costs as 2015-001 and 2015-002 to be material weaknesses.

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.

### 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*.

### County of Kent, Michigan's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### 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 cursive script that reads "Lehmann Lobman LLC".

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

June 15, 2016

Honorable Members of the  
Board of Commissioners  
of the County of Kent  
Grand Rapids, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the *County of Kent, 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 December 31, 2015. 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 Kent County Community Mental Health Authority (Network180) which received \$4,849,196 in federal awards, and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2015. Our audit, described below, did not include the operations of the Kent County Community Mental Health Authority because it arranged for a separate audit in accordance with the Uniform Guidance. The County's basic financial statements also include the operations of the Kent County Road Commission which received certain federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2015. Our audit, described below, did not include the operations of the Kent County Road Commission because it arranged for a separate financial statement audit and did not meet the criteria for a single audit.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 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 December 31, 2015.

### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-003. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **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 KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: 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 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)  X  yes   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,170,613

Auditee qualified as low-risk auditee?  X  yes   no

# COUNTY OF KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2015-001 - Material Audit Adjustments

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition.** During our audit, we identified and proposed certain material adjustments (which were approved and posted by management) to adjust the County's financial statements to the appropriate balances. These adjustments included a misstatement of investments in the pension trust fund and entries to record a software licensing agreement under GASB Statement No. 51.

**Cause.** The adjustment in the pension trust funds was a result of preparing a trial balance only at year-end and not utilizing a general ledger system to accumulate transactions. The adjustment to account for the software licensing agreement was initially missed due to the unusual nature of this type of transaction which has not previously been applicable to the County.

**Effect.** As a result of this condition, the County's accounting records were initially misstated by amounts that were material to the financial statements.

**Recommendation.** We recommend that the pension trust fund utilize a general ledger accounting system to record financial transactions and balance to external investment statements. Financial activity should be recorded at least quarterly and compared to supporting documentation by an independent individual or administrator. The material audit adjustment for GASB 51 has been reviewed by management and posted to the County's internal records. No further corrective action is expected at this time.

**View of Responsible Officials.** Management will review existing procedures and make revisions, as appropriate, in order to allow for a thorough review and approval by an individual with sufficient knowledge of the financial activity.

# COUNTY OF KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

### SECTION II - FINANCIAL STATEMENT FINDINGS

2015-002 - Internal Controls over Preparation of Schedule of Expenditures of Federal Awards (Repeated from Prior Year)

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** 2 CFR 200, §200.510, requires that a recipient of federal awards subject to a single audit “ prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements which must include the total Federal awards expended as determined in accordance with §200.502.”

**Condition.** We noted certain errors in the initial Schedule of Expenditures of Federal Awards (SEFA) provided by management. These errors were primarily related to grants administered by the Department of Aeronautics, and resulted from erroneously including the local match in the amount reported. The net adjustments totaled approximately \$4.6 million.

**Cause.** This condition appears to be a result of an initial misunderstanding of the requirements for calculating the amount of federal expenditures by award, which involves a certain degree of estimation and differs from the recordkeeping maintained by the Department of Aeronautics on a day-to-day basis.

**Effect.** As a result of this condition, the County’s SEFA was initially misstated by amounts that were material to the Schedule. Appropriate adjustments were proposed by the auditors, and approved by management. However, the County was exposed to the risk that expenditures of federal awards would be misreported in accordance with the Uniform Guidance, which could impact major program determination and related testing performed by the auditors.

**Recommendation.** We recommend that the Department of Aeronautics carefully review all grant agreements and award letters in preparing the SEFA in order to ensure that expenditures are being reported correctly.

**View of Responsible Officials.** Management will review existing procedures and make revisions, as appropriate, in order to ensure that expenditures are being reported correctly.

## COUNTY OF KENT, MICHIGAN

### Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

#### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### 2015-003 - Required Depository Agreement

**Finding Type.** Immaterial Noncompliance (Special Tests and Provisions).

**Program.** Section 8 Housing Choice Voucher Program; U.S. Department of Housing and Urban Development; CFDA Number 14.871; Award Numbers MI198VO and MI198FS.

**Criteria.** Recipients of federal funding through the U.S. Department of Housing and Urban Development (HUD) are required to have a depository agreement with the financial institution in which grant funds are held. The agreement is to be based on a HUD-provided form and specify, among other things, that the account is interest-bearing and that HUD holds a beneficial interest in the balance.

**Condition.** The County does not have the required depository agreement in place.

**Cause.** Management indicated that it was not previously made aware of this new HUD requirement to have a signed depository agreement in place.

**Effect.** As a result of this condition, the County failed to fully comply with the program requirements under this federal award.

**Questioned Costs.** No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

**Recommendation.** We have provided a copy of the required HUD form to grant administrators and recommend that the agreement be executed as soon as possible, but no later than December 31, 2016.

**View of Responsible Officials.** Management is review existing procedures for this department and will make revisions, as appropriate, in order to fully comply with program requirements under the federal award as soon as possible, and no later than Decemer 31, 2016.

## COUNTY OF KENT, MICHIGAN

### Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2015

#### 2014-001 - Internal Controls over Preparation of Schedule of Expenditures of Federal Awards

The audit process identified various errors in the initial Schedule of Expenditures of Federal Awards (SEFA) provided by management. These errors were corrected before the audit was issued, but were deemed to have a quantitatively significant effect on the SEFA as a whole. We noted similar errors in the current year. Accordingly, this condition has been repeated as item 2015-002.

#### 2014-002 - Errors in Annual Performance Reports - CFDA Number 14.267 - Continuum of Care Program

The Annual Performance Reports submitted during the year under audit did not agree to the trial balance for the specified periods. Corrective action is not yet complete.

