

County of Kent,  
Michigan



Year Ended  
December 31,  
2017

Single Audit Act  
Compliance

# COUNTY OF KENT, 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	6
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 Internal Control over Compliance Required by the Uniform Guidance	9
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Audit Findings	15
Corrective Action Plan	16



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

June 13, 2018

Honorable Members of the  
Board of Commissioners  
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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 13, 2018 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.



COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017

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	\$ -	\$ 40,429
Lunch Program	10.555	MDE	41-000-8003A	-	76,179
Commodities (non-cash assistance)	10.555	MDE	41-000-8003	-	11,883
				<u>-</u>	<u>128,491</u>
Supplemental Nutrition Program for Women, Infants, and Children (WIC):					
Resident Services Administration (FY 2017)	10.557	MDHHS	IW100342	167,115	2,342,380
Resident Services Administration (FY 2018)	10.557	MDHHS	050035	50,559	744,503
Breastfeeding Peer Counseling (FY 2017)	10.557	MDHHS	W500342 - 172MI003W1003	-	53,678
Breastfeeding Peer Counseling (FY 2017)	10.557	MDHHS	W500342 - 1515MI013W5003	-	107,354
Breastfeeding Peer Counseling (FY 2018)	10.557	MDHHS	1616MI002Y8604-05002	-	32,473
Breastfeeding Peer Counseling (FY 2018)	10.557	MDHHS	050035	-	16,234
				<u>217,674</u>	<u>3,296,622</u>
Emergency Food Assistance Program Cash Assistance					
	10.568	MDE	FY2018	-	51,128
Commodity Supplemental Food Program:					
Cash Assistance	10.565	MDE	FY2018	-	26,220
Commodity Assistance (Non-Cash Assistance)	10.565	MDE	FY2018	-	56,774
				<u>-</u>	<u>82,994</u>
Emergency Food Assistance Program Commodity Assistance					
	10.569	MDE	FY2018	-	311,025
				<u>-</u>	<u>311,025</u>
<b>Total U.S. Department of Agriculture</b>				<u>217,674</u>	<u>3,870,260</u>
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grant Cluster:					
2010-2011 Award	14.218	Direct	B-10-UC-26-0004	-	1,257
2012-2013 Award	14.218	Direct	B-12-UC-26-0004	-	11,864
2013-2014 Award	14.218	Direct	B-13-UC-26-0004	-	84,935
2014-2015 Award	14.218	Direct	B-14-UC-26-0004	55,645	246,242
2015-2016 Award	14.218	Direct	B-15-UC-26-0004	226,529	470,131
2016-2017 Award	14.218	Direct	B-16-UC-26-0004	88,383	733,673
2017-2018 Award	14.218	Direct	B-17-UC-26-0005	140,876	269,242
				<u>511,433</u>	<u>1,817,344</u>
Home Investment Partnerships Program (HOME):					
2013-2014 Award	14.239	Direct	M-13-UC-26-0221	168,271	202,879
2014-2015 Award	14.239	Direct	M-15-DC-26-0221	47,166	62,842
2015-2016 Award	14.239	Direct	M-16-DC-26-0221	-	8,090
2016-2017 Award	14.239	Direct	M-17-DC-26-0221	20,378	36,054
2017-2018 Award	14.239	Direct	M-18-DC-26-0221	-	14,574
				<u>235,815</u>	<u>324,439</u>
Continuum of Care:					
Sponsor-based Rental Assistance 2015-2016	14.267	Direct	MI0175L5F061407	9,444	9,444
Sponsor-based Rental Assistance 2016-2017	14.267	Direct	MI0174L5F061508	200,287	203,099
Sponsor-based Rental Assistance 2017-2018	14.267	Direct	MI0174L5F061609	199,306	203,351
Tenant-based Rental Assistance 2016-2017	14.267	Direct	MI0173L5F061508	472,173	493,816
Tenant-based Rental Assistance 2017-2018	14.267	Direct	MI0173L5F061609	388,324	393,324
				<u>1,269,534</u>	<u>1,303,034</u>
Section 8 Housing Choice Voucher Program:					
Housing Choice Vouchers 2016 Award	14.871	Direct	MI198VO	-	122,315
Housing Choice Vouchers 2017 Award	14.871	Direct	MI198VO	-	3,124,993
Family Services Coordinator	14.871	Direct	MI198FS	-	25,760
Veterans 2015 Award	14.871	Direct	MI198VO	-	20,925
Veterans 2017 Award	14.871	Direct	MI198VO	-	1,099,108
				<u>-</u>	<u>4,393,101</u>
Lead-based Paint Hazard Control Grant (FY 2017)					
	14.900	CGR	MILHB0609-16	-	63,910
Lead-based Paint Hazard Control Grant (FY 2018)					
	14.900	CGR	MILHB0609-16	-	14,821
				<u>-</u>	<u>78,731</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>2,016,782</u>	<u>7,916,649</u>

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Justice					
Byrne Memorial Justice Assistance Grant Program	16.738	CGR	2016-DJ-BX-0675	\$ -	\$ 63,147
Equitable Sharing Program	16.922	Direct	MI4114100	69,249	77,791
<b>Total U.S. Department of Justice</b>				<b>69,249</b>	<b>140,938</b>
U.S. Department of Transportation					
Strategic Traffic Enforcement - OWI	20.600	WYO	PT-17-28	-	29,684
Hazardous Materials Emergency Planning	20.703	MSP	HM-HMP-0558-16-01-00	-	21,051
<b>Total U.S. Department of Transportation</b>				<b>-</b>	<b>50,735</b>
U.S. Environmental Protection Agency					
Non-Community Water Supply (FY 2016-2017)	66.468	MDEQ	FS975487-15	-	1,356
Non-Community Water Supply (FY 2017-2018)	66.468	MDEQ	FS975487-16	-	164
				-	1,520
U.S. Department of Energy					
Weatherization Assistance for Low-Income Persons	81.042	MDHHS	WAP16-41016-2	-	142,818
U.S. Department of Health and Human Services					
Older Americans Outreach and Assistance	93.044	AAAWM	61.10 - FY18.1	-	4,438
Public Health Emergency Preparedness:					
Bioterrorism Supplemental (10/2016 to 6/2017)	93.069	MDHHS	NU90TP000528	-	127,424
Bioterrorism Supplemental (10/2017 to 6/2018)	93.069	MDHHS	NU60TP921906-251184	-	57,561
Ebola Virus Disease Phase II (FY 2017)	93.069	MDHHS	NU90TP000528	-	9,600
				-	194,585
Hospital Preparedness & Public Health					
Emergency Preparedness:					
Bioterrorism Supplemental (7/2017 to 9/2017)	93.074	MDHHS	NU90TP921906	-	50,766
Laboratory Bioterrorism (FY 2018)	93.074	MDHHS	NU90TP921906-251184	-	6,425
				-	57,191
Food and Drug Administration - Research					
Retail Standards - National conference	93.103	AFDO	G-T-1611-04131	-	3,000
Retail Standards - Food Self Assessment	93.103	AFDO	G-SP-1611-03532	-	2,500
				-	5,500
Tuberculous Control Program:					
Tuberculosis Control Program (FY 2017)	93.116	MDHHS	1U52PS004693	-	40,109
Tuberculosis Control Program (FY 2018)	93.116	MDHHS	NU52PS004693	-	2,310
Tuberculosis Control Program (FY 2018)	93.116	MDHHS	251165	-	6,932
				-	49,351
Sexual Violence Prevention:					
Rape Prevention Education (FY 2017)	93.136	MDHHS	1UF2CE002424-01	-	83,025
Rape Prevention Education (FY 2018)	93.136	MDHHS	251149	-	24,463
				-	107,488
Immunization Cooperative Agreements:					
Immunization Action Plan (IAP) (FY 2017)	93.268	MDHHS	H23 CCH522556-NH23IP000752	-	67,836
Immunization Action Plan (IAP) (FY 2018)	93.268	MDHHS	NH23IP000752 -251177	-	47,764
Immunization Action Plan (IAP) (FY 2018)	93.268	MDHHS	251177	-	15,916
Immunization Action Plan (IAP) (FY 2018)	93.268	MDHHS	NH23IP000752 -251129	-	10,397
Immunization Action Plan (IAP) (FY 2018)	93.268	MDHHS	251129	-	3,465
Immunizations -Fixed Fees (FY 2017)	93.268	MDHHS	H23 CCH522556-NH23IP000752	-	22,950
Immunizations -Fixed Fees (FY 2018)	93.268	MDHHS	NH23IP000752-251177	-	7,000
Vaccines (non-cash assistance) (FY 2017)	93.268	MDHHS	-n/a-	-	861,832
Vaccines (non-cash assistance) (FY 2018)	93.268	MDHHS	-n/a-	-	216,412
				-	1,253,572
Epidemiology and Laboratory Capacity for Infectious Diseases:					
West Nile Virus (FY2017)	93.323	MDHHS	NU50CK000369	-	6,951
Zika Virus Community Support (FY 2017)	93.323	MDHHS	NU50CK000369	-	7,499
Zika Virus Mosquito Surveillance (FY 2017)	93.323	MDHHS	NU50CK000369	-	10,000
				-	24,450

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017

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 (Continued)					
Capacity Building Assistance for Immunizations (FY 2017)	93.539	MDHHS	H23IP000752	\$ -	\$ 164,730
Child Support Enforcement:					
Title IV-D - Incentive Payments (16-17)	93.563	MDHHS	CS/FOC-17-41001	-	815,333
Title IV-D - Incentive Payments (17-18)	93.563	MDHHS	CS/FOC-17-41001	-	260,615
Title IV-D - Friend of the Court (16-17)	93.563	MDHHS	CS/FOC-17-41001	-	3,365,559
Title IV-D - Friend of the Court (17-18)	93.563	MDHHS	CS/FOC-17-41001	-	1,215,687
Title IV-D - Prosecuting Attorney (16-17)	93.563	MDHHS	CSPA-17-41002	-	951,879
Title IV-D - Prosecuting Attorney (17-18)	93.563	MDHHS	CSPA-17-41002	-	340,755
				-	6,949,828
Community Services Block Grant 16-17	93.569	MDHHS	CSBG14-41016	-	288,554
Grants to States for Access and Visitation Programs:					
Access and Visitation Grant (16-17)	93.597	SCAO	SCAO-2017-020	-	3,780
Access and Visitation Grant (17-18)	93.597	SCAO	SCAO-2018-014	-	1,650
				-	5,430
Prevention and Public Health Fund:					
Racial and Ethnic Approaches to Community Health (FY 2017)	93.738	Direct	5 NU58DP005943-03-00	132,382	500,273
Racial and Ethnic Approaches to Community Health (FY 2018)	93.738	Direct	6 NU58DP005943-03-04	23,911	120,809
				156,293	621,082
Breast and Cervical Cancer Control Program:					
BCCCP Coordination (FY 2017)	93.752	MDHHS	1U58DP003921	-	87,500
Child Lead Poisoning Prevention	93.753	MDHHS	1UE1EH001267	-	10,000
Prevention of Obesity, Diabetes, Heart Disease and Stroke					
YMCA Grant (2017)	93.757	YMCA	20161338-00	-	53,927
YMCA Grant (2018)	93.757	YMCA	NU58DP005453	-	16,577
				-	70,504
Preventive Health and Health Services Block Grant	93.758	MDHHS	2B01OT009028-NB01OT009112	-	30,000
Medical Assistance Program:					
Medicaid Outreach and Advocacy (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	553,682	719,211
Medicaid Outreach and Advocacy (FY 2018)	93.778	MDHHS	253001	181,991	240,325
Medicaid Outreach - TB (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	18,168
Medicaid Outreach - WIC/Imms (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	438,088
Medicaid Outreach - WIC/Imms (FY 2018)	93.778	MDHHS	253001	-	154,194
CSHCS Care Coordination Services (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	19,767
CSHCS Care Coordination Services (FY 2018)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	3,440
CSHCS Care Coordination Services (FY 2018)	93.778	MDHHS	05 1205M15MAP-1705MI5MAP	-	1,209
CSHCS Medicaid Outreach (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	126,990
CSHCS Medicaid Outreach and Advocacy (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	106,875
CSHCS Medicaid Outreach and Advocacy (FY 2018)	93.778	MDHHS	253001	-	59,358
Nurse Family Partnership Services (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	88,528
Nurse Family Partnership Services (FY 2018)	93.778	MDHHS	253001	-	40,830
Nurse Family Partnership Medicaid Outreach (FY 2017)	93.778	MDHHS	05 U05M15ADM-1705MI5ADM	-	161,550
Elevated Blood Lead Case Management (FY 2017)	93.778	MDHHS	05 1205M15MAP-1705MI5MAP	-	24,593
Elevated Blood Lead Case Management (FY 2018)	93.778	MDHHS	253002	-	3,628
Medicaid Enrollment	93.778	MAXIMUS/ MCAAA	HLTH 130S-11-7791	-	20,448
				735,673	2,227,202
Maternal Infant and Early Childhood Home Visiting (2017)	93.870	MDHHS	X10MC29482	-	182,438
Maternal Infant and Early Childhood Home Visiting (2018)	93.870	MDHHS	X10MC29482-252297	-	84,143
				-	266,581
Breast and Cervical Cancer Control Program:					
Breast and Cervical Cancer Control Program (2017)	93.898	MDHHS	NU58DP006334	-	63,287
Breast and Cervical Cancer Control Program (2018)	93.898	MDHHS	NU58DP006334-251183	-	44,376
Breast and Cervical Cancer Control Program (2018)	93.898	MDHHS	251183	-	14,792
				-	122,455
Breast and Cervical Cancer Control Program (2017)	93.919	MDHHS	NU58DP003921	-	46,242

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COUNTY OF KENT, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017

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 (Continued)					
Strong Beginnings Program:					
2016-2017 Award	93.926	SPEC	2 H49MC03591-11-00	\$ -	\$ 164,535
2016-2017 Award	93.926	SPEC	2H49MC03591-11-01	-	13,516
2017-2018 Award	93.926	SPEC	2H49MC03591-11-00	-	33,358
				-	211,409
HIV Prevention Activities:					
HIV Prevention (FY 2017)	93.940	MDHHS	U62 PS003671	-	80,703
HIV Prevention (FY 2018)	93.940	MDHHS	NU62 PS003671-251124	-	7,516
HIV Prevention (FY 2018)	93.940	MDHHS	251124	-	22,549
				-	110,768
Maternal and Child Health Services Block Grant:					
Maternal Infant Health Program:					
Children's Special Healthcare Care Coordination Services (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	40,713
Children's Special Healthcare Care Coordination Services (FY 2018)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	11,990
Regional Perinatal Care System (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC29348	-	119,257
Regional Perinatal Care System (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	24,725
Child Death (SIDS)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	2,500
Childhood Lead Poisoning Education and Outreach (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	30,000
Childhood Lead Poisoning Education and Outreach (FY 2018)	93.994	MDHHS	252208	-	9,011
Childhood Lead Poisoning Prevention (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	50,625
Childhood Lead Poisoning Prevention (FY 2018)	93.994	MDHHS	252208	-	16,692
Enabling Services - Women (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	10,500
Enabling Services - Women (FY 2018)	93.994	MDHHS	252208	-	2,688
Public Health Functions and Infrastructure (FY 2017)	93.994	MDHHS	B1MIMCHS-B04MC30620	-	253,735
Public Health Functions and Infrastructure (FY 2018)	93.994	MDHHS	252208	-	38,772
Public Health Functions and Infrastructure (FY 2018)	93.994	MDHHS	B04MC30620-252208	-	38,772
				-	649,980
Total U.S. Department of Health and Human Services				891,966	13,558,840
U.S. Department of Homeland Security					
Emergency Food and Shelter National Board Program					
	97.024	Direct	472-031	-	4,212
Emergency Management Performance Grant					
	97.042	MSP	EMC-2017-EP-00001	-	22,308
Homeland Security Grant Program:					
2014 Award (non-cash assistance)	97.067	WMSRDC	EMW-2014-SS-00059	6,010	6,010
2015 Award (non-cash assistance)	97.067	WMSRDC	EMW-2015-SS-00033	68,936	71,696
2016 Award (non-cash assistance)	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	2,244
2015 Award	97.067	WMSRDC	EMW-2015-SS-00033	17,646	158,532
2016 Award	97.067	WMSRDC	EMW-2016-SS-00010-S01	-	253,093
				92,592	491,575
Total U.S. Department of Homeland Security				92,592	518,095
Total Expenditures of Federal Awards				\$ 3,288,263	\$ 26,199,855

concluded

# 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, 2017. 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 Road Commission and the Gerald R. Ford International Airport Authority discretely-presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2017, 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 elected not to use the 10% de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. 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
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
CGR	City of Grand Rapids, Michigan
WYO	City of Wyoming, Michigan
MSP	Michigan State Police
MDEQ	Michigan Department of Environmental Quality
AAAWM	Area Agency on Aging for West Michigan
AFDO	Association of Food and Drug Officials
SCAO	Michigan State Court Administrative Office
YMCA	Grand Rapids Metropolitan YMCA
MAXIMUS/MCAAA	Maximus Health Services, Inc./Michigan Community Action Agency Association
SPEC	Spectrum Health
WMSRDC	West Michigan Shoreline Regional Development Commission





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 13, 2018

Honorable Members of the  
Board of Commissioners  
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, 2017, 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 13, 2018. Our report includes a reference to other auditors who audited the financial statements of the Kent County Road Commission discretely presented component unit, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2017-001 that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Finding**

The County's response to the 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 the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



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

June 13, 2018

Honorable Members of the  
Board of Commissioners  
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, 2017. 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 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, 2017. 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. The County's basic financial statements also include the operations of the Gerald R. Ford International Airport Authority which received \$5,021,765 in federal awards and which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. Our audit, described below, did not include the operations of the Gerald R. Ford International Airport Authority because the entity arranged for a separate audit in accordance with the Uniform Guidance.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards s 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, 2017.

### *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 2017-002. 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 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

The County's response to the internal control over compliance 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.

#### *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 Loborn LLC*

# COUNTY OF KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### 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?  X  yes   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>
14.267	Continuum of Care Program
93.268	Immunization Cooperative Agreements
93.563	Child Support Enforcement
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 785,996

Auditee qualified as low-risk auditee?   yes  X  no

# COUNTY OF KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2017-001 - Material Audit Adjustments (Repeat Comment)

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 a certain material adjustment (which was approved and posted by management) to adjust the County's financial statements to the appropriate balances. This adjustment related to tax revenues (and related receivables and deferred inflows of resources) in the Zoo and Museum Millage and Correction and Detention Facilities funds.

Cause. This adjustment appears to have been caused primarily by the initial entry being recorded based on allocating tax collections based on a pre-determined percentage, without taking into account collections of tax captures which are not allocated on that same percentage.

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

Recommendation. We recommend that the calculation for the year end accrual be based on actual collections of tax revenue, rather than based on a percentage.

View of Responsible Officials. Management has reviewed its existing procedures and has already made revisions, as appropriate.

# COUNTY OF KENT, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

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

#### 2017-002 - Subrecipient Monitoring

**Finding Type.** Immaterial Noncompliance / Significant Deficiency in Internal Control over Compliance (Subrecipient Monitoring).

**Program.** Continuum of Care Program; U.S. Department of Housing and Urban Development; CFDA Number 14.267; Award Numbers MI0175L5F061407, MI0174L5F061508, MI0174L5F061609, MI0173L5F061508, and MI0173L5F061609.

**Criteria.** Recipients of federal funding that pass through grant funds are expected to monitor any subrecipients to provide reasonable assurance that the subrecipients are complying with the requirements of the federal award being passed through. Among those requirements is a) during-the-award monitoring of compliance with requirements that have a direct and material effect on compliance, and b) ensuring that subrecipients are complying with the audit requirements included in the Uniform Guidance. The pass-through entity is also responsible for issuing management decisions related to any related findings noted in the subrecipient audit and ensuring that timely and appropriate corrective action is taken.

**Condition.** While the County did perform a risk assessment and other monitoring activities related to its subrecipients, we believe these activities were less complete than required under the circumstances. In our judgement, cash management, level of effort (supplement not supplant), and reasonable rental rate requirements each have a direct and material effect on compliance for this program. Monitoring files did not indicate that there were steps taken to determine whether the subrecipient was complying with these requirements. In addition, the subrecipient audit indicated a finding related to cash management for the Continuum of Care grant program (though not specifically related to the County's passthrough funds) was reported by the subrecipient's auditors. No documentation was noted related to a management decision or follow up on corrective action in the County's monitoring files. It was further noted that the checklist used to document completeness of the monitoring file was not signed off by either the initial preparer or the designated reviewer.

**Cause.** The cause of this condition appears to be a lack of recognition of the importance of monitoring these specific activities.

**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 during testing.

**Recommendation.** The County should revise its standard monitoring procedures to ensure that all applicable requirements for each of its federal programs are considered in the subrecipient monitoring process. Further, management should provide information to monitoring staff so that they are aware of the County's responsibilities in relation to monitoring and subrecipient audits. The monitoring file checklist should be signed and dated by both the individual responsible for completion of the file and the designated reviewer.

**View of Responsible Officials.** Management will review existing procedures and make revisions, as appropriate, to ensure that all applicable requirements are considered in the subrecipient monitoring process.



# COUNTY OF KENT, MICHIGAN

## Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2017

### 2016-001 - Material Audit Adjustments

Audit procedures 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 related to tax revenues (and related receivables and deferred inflows of resources), accounts payable including retainage on construction contracts, closing out the Department of Aeronautics enterprise fund, the landfill postclosure liability, and leases receivable and related deferred inflows of resources in the Drain Commission component unit. These specific issues did not recur in the 2017 audit. However, a material audit adjustment related to tax revenue and related receivable was identified in the current year. This adjustment has been summarized in finding 2017-001.

### 2016-002 - Internal Controls over Preparation of Schedule of Expenditures of Federal Awards

There were certain errors in the initial Schedule of Expenditures of Federal Awards (SEFA) provided by management. For certain grants, program income was included on the SEFA in error. In addition, one program was included on the SEFA that is actually a contractor (not a subrecipient) relationship. This finding was not repeated in the current year.

### 2016-003 - Delinquent Tax Administration

Each year, the County purchases delinquent real property taxes from taxing authorities in its geographical boundaries (including other funds of the County itself) as part of the settlement process. The County is then responsible for collection of these balances, or eventual foreclosure on the related property if payment is not made. Detailed information on amounts due by parcel is maintained in a separate accounting system which is not directly linked to the general ledger. At the time a tax year is settled, the outstanding taxes receivable by parcel are imported from the systems of the local units into the County's records, cash payments are made to the local units, and a corresponding receivable is established in the general ledger. Over time, as payments are received and adjustments are made to existing receivables (such as for Board of Review, Michigan Tax Tribunal, or State Tax Commission orders), corresponding changes to each system had not been consistently recorded, resulting in unreconciled variances between the different systems. At year-end, an adjustment of approximately \$250,000 was posted by the County to force the general ledger to agree to the subledger by parcel. Corrective action was taken in 2017. This matter was not repeated.



# OFFICE OF THE ADMINISTRATOR

Wayman Britt, County Administrator/Controller

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## CORRECTIVE ACTION PLAN

Certain matters were brought to our attention as a result of the audit process. These matters are described at length in the Schedule of Findings and Questioned Costs. We evaluated these matters as described below and have described our planned action.

### 2017-001 - Material Audit Adjustments

**Planned Corrective Action.** Management has reviewed its existing procedures and has already made revisions, as appropriate to ensure proper allocation of collections.

**Responsible Party.** Fiscal Services staff

**Date of Planned Corrective Action.** June 2018

**Management Assessment.** We have reviewed all adjustments proposed by the auditors, and these have now been posted within the County's accounting records.

### 2016-002 - Subrecipient Monitoring

**Planned Corrective Action.** Management will review existing monitoring procedures and make revisions as necessary to comply with all applicable requirements.

**Responsible Party.** Community Action Department staff

**Date of Planned Corrective Action.** July 2018

**Management Assessment.** We concur with the audit assessment regarding this matter.