

**ALLEGAN COUNTY
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED DECEMBER 31, 2015**



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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, Michigan

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of Allegan County for the year ended December 31, 2015, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of Allegan County for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI
August 26, 2016

Allegan County
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	Federal Expenditures
U.S. Department of Agriculture				
Food and Nutrition Service:				
School Breakfast Program	10.553	MDE	03-000-8001	\$ 17,543
National School Lunch Program	10.555	MDE	03-000-8001	33,186
Commodities (non-cash assistance)	10.555	MDE	03-000-8001	2,416
Total U.S. Department of Agriculture				53,145
U.S. Department of Health and Human Services				
Administration for Children and Families:				
Child Support Enforcement:				
Friend of the Court Incentive Payments	93.563	MDHHS	CSCOM-13-03003	155,447
Cooperative Reimbursement Program	93.563	MDHHS	CSCOM-13-03003	746,157
Centers for Disease Control and Prevention:				
HIV Prevention Activities	93.940	MDHHS	U62 PS003671	2,544
HIV Prevention Activities	93.940	MDHHS	U62 PS003671	7,087
Immunization:				
Immunization Action Plan (IAP)	93.268	MDHHS	H23 CCH522556	41,167
Immunization Action Plan (IAP)	93.268	MDHHS	H23 CCH522556	14,361
Immunization Fixed Fees	93.268	MDHHS	H23 CCH522556	1,050
Immunization Fixed Fees	93.268	MDHHS	H23 CCH522556	2,450
Vaccines (non-cash assistance)	93.268	MDHHS	n/a	48,388
Immunization Action Plan (IAP)	93.539	MDHHS	H23 IP000752	7,144
Immunization Action Plan (IAP)	93.539	MDHHS	H23 IP000752	1,785
Public Health Emergency Preparedness (PHEP):				
Hosp Preparedness + PH Emer Prep	93.069	MDHHS	U90TP000528	63,752
Hosp Preparedness + PH Emer Prep	93.069	MDHHS	U90TP000528	31,898
Hosp Preparedness + PH Emer Prep	93.069	MDHHS	U90TP000528	31,578
Centers for Medicare and Medicaid Services:				
Medical Assistance Program:				
Child Special Health Care Svcs - Outreach and Advocacy	93.778	MDHHS	05 U05M15ADM	30,001
Child Special Health Care Svcs - Outreach and Advocacy	93.778	MDHHS	05 U05M15ADM	9,999
Child Special Health Care Svcs - Medicaid Outreach	93.778	MDHHS	05 U05M15ADM	23,488
Care Coordination	93.778	MDHHS	05 U05M15ADM	6,285
Care Coordination	93.778	MDHHS	05 U05M15ADM	1,285
Care Coordination	93.778	MDHHS	05 1205M15MAP	202
Care Coordination	93.778	MDHHS	05 1205M15MAP	101
Medicaid Outreach	93.778	MDHHS	05 U05M15ADM	45,291
Medicaid Outreach	93.778	MDHHS	05 U05M15ADM	9,070
Health Resources and Services Administration:				
Maternal and Child Health Services Block Grant:				
Child Special Healthcare Services	93.994	MDHHS	B1MIMCHS	9,189
Child Special Healthcare Services	93.994	MDHHS	B1MIMCHS	4,311
Enabling Services Children - MCH	93.994	MDHHS	B1MIMCHS	2,268
Maternal Infant Health Plan (MIHP) - Children	93.994	MDHHS	B1MIMCHS	6,195
Maternal Infant Health Plan (MIHP) - Children	93.994	MDHHS	B1MIMCHS	3,066
Maternal Infant Health Plan (MIHP) - Women	93.994	MDHHS	B1MIMCHS	5,745
	93.994	MDHHS	B1MIMCHS	2,298
Other - MCH - Children	93.994	MDHHS	B1MIMCHS	6,488
Other - MCH - Varied	93.994	MDHHS	B1MIMCHS	5,745
Care Coordination	93.994	MDHHS	B1MIMCHS	7,190
Care Coordination	93.994	MDHHS	B1MIMCHS	3,400
Substance Abuse and Mental Health Services Administration:				
Drug Free Communities Support Program	93.276	ACCMH	2015-249	2,671
Total U.S. Department of Health and Human Services				1,339,096

See Notes to the Schedule of Expenditures of Federal Awards

Allegheny County
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	Federal Expenditures
U.S. Department of Homeland Security				
Emergency Management Performance Program	97.042	MSP	EMW-2014-EP-00023-S01	2,254
Emergency Management Performance Program	97.042	MSP	EMW-2015-EP-00029-S01	21,144
Emergency Management Performance Program	97.042	MSP	n/a	9,472
Homeland Security Grant 2013 (non-cash assistance)	97.067	VBC	EMW-2013-SS-00049	17,027
Homeland Security Grant 2014	97.067	VBC	EMW-2014-SS-00059	5,536
Total U.S. Department of Homeland Security				<u>55,433</u>
U.S. Department of Justice				
Bureau of Justice Assistance:				
Edwin Byrne Memorial Justice Grant	16.738	SCAO	4647	20,457
Edwin Byrne Memorial Justice Grant	16.738	SCAO	2848	44,785
State Criminal Alien Assistance Program - SCAAP	16.606	Direct	2015-AP-BX-0207	2,608
West Michigan Enforcement Team - WEMET	16.738	OC	70834-7-WEMET-16	11,516
West Michigan Enforcement Team - WEMET	16.738	OC	70834-7-WEMET-15	3,781
Total U.S. Department of Justice				<u>83,147</u>
U.S. Department of Transportation				
Federal Transit Administration:				
Capital - Section 5309	20.500	MDOT	2012-0028/P21	49,750
Formula Grants for Rural Areas:				
Operating - Section 5311	20.509	MDOT	2012-0028/P24	182,351
Operating - Section 5311	20.509	MDOT	2012-0028/P30	3,271
Capital - Section 5311	20.509	MDOT	2012-0028/P20	50,809
Capital - Section 5311	20.509	MDOT	2012-0028/P25	52,673
Operating - Section 5311 JARC	20.509	MDOT	2012-0028/P19	38,362
Operating - Section 5311 JARC	20.509	MDOT	2012-0028/P27	12,788
Capital - Section 5313(b)	20.509	MDOT	2007-0157/Z16	(917)
Capital - Section 5311	20.509	MDOT	2012-0028/P12	1,279
Operating - RTAP	20.509	MDOT	n/a	2,832
Capital - Section 5317 New Freedom	20.521	MDOT	2012-0028/P28	6,987
Capital - Section 5317 New Freedom	20.521	MDOT	2012-0028/P22	18,197
Capital - Section 5339 Bus and Bus Facilities	20.526	MDOT	2012-0028/P13	108,936
National Highway Traffic Safety Administration:				
Highway Safety - OWI Enforcement	20.616	OHSP	PT-15-04	24,869
Highway Safety - Seatbelt Enforcement	20.616	OHSP	PT-15-04	19,832
OHSP DWI Grant	20.601	SCAO	2847	18,732
Total U.S. Department of Transportation				<u>590,751</u>
U.S. Environmental Protection Agency				
Office of Water:				
State Drinking Water Revolving Loan Funds Program	66.468	MDEQ	FS975487-14	274
Beach Monitoring and Notification	66.472	MDEQ	CU00E99305	5,000
Revised Total Coliform Rule	66.468	MDEQ	FS975487-15	3,739
Total U.S. Environmental Protection Agency				<u>9,013</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	OC	n/a	11,187
Total Executive Office of the President				<u>11,187</u>
Total Expenditures of Federal Awards				<u>\$ 2,141,772</u>

See Notes to the Schedule of Expenditures of Federal Awards

Allegan County

Notes to the Schedule of Expenditures of Federal Awards

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Allegan County (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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

NOTE C – SUBRECIPIENTS

The County had no subrecipients of federal awards during the year.

NOTE D – RECONCILIATION TO FINANCIAL STATEMENTS

Total federal sources reported in governmental funds equal \$2,141,772, which is the same amount included as expenditures in the schedule.

Allegan County

Notes to the Schedule of Expenditures of Federal Awards

NOTE E – PASS-THROUGH AGENCIES

The County receives certain federal grant as sub awards 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
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MDOT	Michigan Department of Transportation
OHSP	Michigan Office of Highway Safety Planning
MSP	Michigan Department of State Police
SCAO	State Court Administrative Office
ACCMH	Allegan County Community Mental Health
VBC	County of Van Buren, Michigan
OC	County of Ottawa, Michigan

INDEPENDENT AUDITOR'S 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*

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, 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 Allegan County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Allegan County's basic financial statements, and have issued our report thereon dated August 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the Allegan County Road Commission, Allegan County Community Mental Health Board, and the Allegan County Medical Care Community, 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 Allegan 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 Allegan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Allegan 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 Allegan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gabridge & Company, PLC
Grand Rapids, MI
August 26, 2016

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

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, Michigan

Report on Compliance for Each Major Federal Program

We have audited Allegan County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Allegan County's major federal programs for the year ended December 31, 2015. Allegan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Allegan 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 Allegan 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 Allegan County's compliance.

Opinion on Each Major Federal Program

In our opinion, Allegan 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.

Report on Internal Control over Compliance

Management of Allegan 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 Allegan 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 Allegan 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.

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.



Gabridge & Company, PLC
Grand Rapids, MI
August 26, 2015

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	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)?	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS
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None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
--

No matters were reported

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No findings or questioned costs in the prior year.

August 26, 2016

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, 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 Allegan County as of and for the year ended December 31, 2015. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 14, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in Note 17 to the financial statements, the County changed accounting policies related to unfunded pension obligations by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities and statement of net position.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Allegan County's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences and the related pay rates as of December 31, 2015.

- Management’s estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management’s assumptions used to calculate the actuarial report and the net present value of post-employment benefits, including pension and other post-employment benefits.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 26, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, and the required pension, and management's discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules, the schedule of expenditures of federal awards, and the transportation fund schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

Restriction on Use

This information is intended solely for the use of management, the Board of Commissioners, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI

ALLEGAN COUNTY

Attachment A – Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2015 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the County in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the County. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 72 - Fair Value Measurement and Application

Effective 06/15/2016 (your FY 2016)

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 - Pensions and Related Assets Not Within the Scope of GASB 68

Effective 06/15/2016 (your FY 2016)

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. We do not expect this standard to have any significant effect on the County.

GASB 74 - Postemployment Benefit Plans Other than Pension Plans

Effective 06/15/2017 (your FY 2017)

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB 75 - Postemployment Benefits Other than Pensions

Effective 06/15/2018 (your FY 2018)

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB 76 - The Hierarchy of GAAP for State and Local Governments

Effective 06/15/2016 (your FY 2016)

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB 77 - Tax Abatement Disclosures

Effective 12/15/2016 (your FY 2016)

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

Effective 12/15/2016 (your FY 2016)

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no

predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. We do not expect this standard to have any significant effect on the County.

GASB 79 - Certain External Investment Pools and Pool Participants

Effective 06/15/2016 (your FY 2016)

This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. We do not expect this standard to have any significant effect on the County.