

Independent Auditors' Report on Compliance with Public Act 51 of 1951, as Amended (Act 51)

September 20, 2017

The Honorable Mayor and
Members of the City Council
City of Howell
Livingston County, Michigan

Performance Audit Report

We have audited the compliance of the *City of Howell, Michigan* (the "City") with the requirements described in Michigan Public Act 51 of 1951, as amended ("Act 51" or the "Act") that could have a direct and material effect on the determination of whether the City expended funds in compliance with the Act for the year ended June 30, 2017.

Objectives, Scope, and Methodology

Management is responsible for compliance with Act 51 and related regulations. The objective of our performance audit is to determine whether the City expended its Act 51 funds in compliance with the Act.

We conducted our audit of compliance in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Public Act 298 of 2012.

Our methodology included examining selected transactions for the year ended June 30, 2017. To accomplish our objectives, we reviewed Act 51, as amended, to identify those compliance requirements that, in our judgment, could have a direct and material effect on the City's compliance with the Act.

The areas addressed in our performance audit included: (1) allowability of expenditures; (2) classification and reporting of expenditures on the Act 51 report filed for the year ended June 30, 2017; (3) allowability of transfers between funds; (4) competitive bidding procedures for construction contracts in excess of \$100,000; and (5) administrative expenditure limitations. Due to the significant number of transactions incurred during the year ended June 30, 2017, our testing methodology included drawing representative samples of Act 51 expenditures reported during the period to support our conclusions.

We believe that our audit provides a reasonable basis for our conclusions regarding the City's compliance with Act 51. However, our audit does not provide a legal determination of the City's compliance.

Conclusion

Based on the results of our audit, we conclude that the City expended its Act 51 funds in compliance with the Act, in all material respects, for the year ended June 30, 2017.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with Act 51. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the determination of whether the City expended funds in compliance with Act 51, to determine the auditing procedures that are appropriate in the circumstances for the purpose of reaching a conclusion on compliance with Act 51, 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 City's internal control over compliance.

Rehmann Lobson LLC