

Clinton  
County,  
Michigan



Year Ended  
December 31,  
2017

Single Audit Act  
Compliance

# CLINTON COUNTY, MICHIGAN

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**Independent Auditors' Report on the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

May 10, 2018

Board of Commissioners  
Clinton County  
St. Johns, 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 *Clinton County, 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 May 10, 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 expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Robson LLC*

CLINTON COUNTY, MICHIGAN

**Schedule of Expenditure 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 Agriculture					
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
State Administrative Matching Grant for the SNAP	10.561	PAAM	N/A	\$ -	\$ 425
U.S. Department of Justice					
Bulletproof Vest Partnership Program:					
Bulletproof Vest Partnership 2016	16.607	Direct	N/A	-	1,558
U.S. Department of Labor					
Employment Services Cluster:					
PY16 Employment Services/Wagner-Peyser	17.207	CAMW	ES-CTFE-PY16	-	40,903
PY16 Employment Services/Wagner-Peyser - RES	17.207	CAMW	ES-CTFE-PY16	-	1,007
PY17 Employment Services/Wagner-Peyser	17.207	CAMW	ES-CTFE-PY17	-	33,823
PY17 Employment Services/Wagner-Peyser - RES	17.207	CAMW	ES-CTFE-PY17	-	3,493
Total U.S. Department of Labor				-	79,226
U.S. Department of Transportation					
Highway Safety Cluster:					
State & Community Highway Safety Program:					
Highway Safety Project 2017	20.600	MSP	PT-17-11	1,734	19,628
Highway Safety Project 2018	20.600	MSP	PT-18-07	-	1,006
				1,734	20,634
Alcohol Impairment Driving Countermeasures Grants:					
SCAO OHSPG Grant Program	20.601	SCAO	SCAO-18-11251	-	1,475
Total U.S. Department of Transportation				1,734	22,109
U.S. Department of Education					
16/17 Title I, Part D	84.013	CCRESA	171700-1617	-	337
U.S. Department of Health and Human Services					
Title IV-D Cooperative Reimbursement 2017 (Note 3a):					
Friend of the Court	93.563	MDHHS	CS/FOC-17-19001	-	496,148
Prosecuting Attorney	93.563	MDHHS	CS/PA-17-19002	-	87,673
Title IV-D Incentive Payments FY 2017 (Note 3b)	93.563	MDHHS	N/A	-	66,936
Title IV-D Incentive Payments FY 2018 (Note 3b)	93.563	MDHHS	N/A	-	21,714
Total U.S. Department of Health and Human Services				-	672,471
U.S. Department of Homeland Security					
2017 Boating Safety Financial Assistance	97.012	MDNR	MS17-03	-	4,332
Hazard Mitigation Grant Program:					
2017 - 2019 Grant	97.039	MSP	4195-DR-MI	-	49,023
Emergency Management Performance Grants:					
2017 Regular	97.042	MSP	EMC-2017-EP-00001-501	-	29,071
Homeland Security Grant Program:					
2015 HSGP - SHSP - Equipment	97.067	Ingham	N/A	-	7,686
2015 HSGP - SHSP - Planning	97.067	Ingham	N/A	-	26,013
2016 HSGP - SHSP - Equipment - Planning	97.067	Ingham	N/A	-	6,011
2016 HSGP - SHSP - Planning	97.067	Ingham	N/A	-	20,101
				-	59,811
Total U.S. Department of Homeland Security				-	142,237
Total Expenditures of Federal Awards				\$ 1,734	\$ 918,363

See notes to schedule of expenditures of federal awards.

# CLINTON COUNTY, MICHIGAN

## Notes to the Schedule of Expenditure of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Clinton County, 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 audited financial statements. The County's financial statements include the operations of the Clinton County Road Commission discretely-presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2017, as this entity was 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. SUMMARY OF SIGNIFICANT EXPLANATIONS OF THE SCHEDULE

The following descriptions identified below as (a)-(b) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursement of these contracts is passed through the Michigan Department of Health and Human Services (MDHHS). The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of Title IV-D eligible expenditures for the applicable grants. The entire amount paid by MDHHS for the reimbursable expenditures is considered Federal.
- (b) The reimbursements for the Title IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues and are 100% Federal.

# CLINTON COUNTY, MICHIGAN

## Notes to the Schedule of Expenditure of Federal Awards

### 4. RECONCILIATION

The following reconciles the Federal revenues reported in the December 31, 2017, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	Intergovernmental Revenue	Less State Revenue	Adjustments	Federal Expenditures
<b>Primary Government</b>				
<i>General Fund:</i>				
Homeland Security	\$ 59,811	\$ -	\$ -	\$ 59,811
Prosecuting Attorney Food Stamp	425	-	-	425
CRP - Prosecuting Attorney	87,673	-	-	87,673
Emergency Management	29,071	-	-	29,071
Highway Safety	20,634	-	-	20,634
Employment Services	79,226	-	-	79,226
Support Incentive	88,650	-	-	88,650
Marine Safety	4,332	-	-	4,332
Juvenile Grant - Title I, Part D	337	-	-	337
OHSP - Planning Grant	1,475	-	-	1,475
Other Programs	2,684,016	2,684,016	-	-
<b>Total general fund</b>	<b>3,055,650</b>	<b>2,684,016</b>	<b>-</b>	<b>371,634</b>
<i>Special Revenue Funds:</i>				
Friend of the Court	563,501	67,353	-	496,148
Drug Forfeiture	1,558	-	-	1,558
Other Programs	471,151	471,151	-	-
<b>Total special revenue funds</b>	<b>1,036,210</b>	<b>538,504</b>	<b>-</b>	<b>497,706</b>
<b>Total Primary Government</b>	<b>4,091,860</b>	<b>3,222,520</b>	<b>-</b>	<b>869,340</b>
<b>Component Unit</b>				
Regular Drain	49,023	-	-	49,023
<b>Total Reporting Entity</b>	<b>\$ 4,140,883</b>	<b>\$ 3,222,520</b>	<b>\$ -</b>	<b>\$ 918,363</b>

# CLINTON COUNTY, MICHIGAN

## Notes to the Schedule of Expenditure of Federal Awards

### 5. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. These 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
CAMW	Capital Area Michigan Works
CCRESA	Clinton County Regional Educational Service Agency
Ingham	Ingham County
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MSP	Michigan State Police
PAAM	Prosecuting Attorney's Association of Michigan
SCAO	State Court Administrative Office



**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***

May 10, 2018

Board of Commissioners  
Clinton County  
St. Johns, 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 *Clinton County, 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 May 10, 2018. Our report includes a reference to other auditors who audited the financial statements of the Clinton 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

*Rehmann Loborn LLC*

Independent Auditors' Report on Compliance for the Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance

May 10, 2018

Board of Commissioners  
Clinton County  
St. Johns, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of *Clinton County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2017. The County's major federal program is 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 Clinton County Road Commission, which received \$1,891,719 in federal awards, and which is 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 Clinton County Road Commission because it arranged for a separate audit.

*Management's Responsibility*

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

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for the County's major federal program 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 requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

### *Unmodified Opinion on the 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 its major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

### 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Lobson LLC*

# CLINTON COUNTY, MICHIGAN

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

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes   X   no

Significant deficiency(ies) identified?            yes   X   none reported

Noncompliance material to financial statements noted?            yes   X   no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?            yes   X   no

Significant deficiency(ies) identified?            yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes   X   no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
93.563	Child Support Enforcement	Unmodified

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

Auditee qualified as low-risk auditee?   X   yes            no

# CLINTON COUNTY, MICHIGAN

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

### SECTION II - FINANCIAL STATEMENT FINDINGS

None.

# CLINTON COUNTY, MICHIGAN

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

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

None.

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## CLINTON COUNTY, MICHIGAN

### Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2017

There were no audit findings reported for the fiscal year ended December 31, 2016.

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