

Clinton County,
Michigan



Year Ended
December 31,
2011

Single Audit Act
Compliance

CLINTON COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

May 7, 2012

Board of Commissioners
Clinton County, 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*, the ("County"), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 7, 2012. We conducted our audit in accordance with 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.

We did not audit the financial statements of the Road Commission of Clinton County, which represents 68% of the total assets and 90% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Road Commission of Clinton County, is based solely on the report of the other auditors.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Rehmann Johnson".

CLINTON COUNTY, MICHIGAN

Schedule of Expenditure of Federal Awards For the Year Ended December 31, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Michigan Department of Education			
National School Breakfast Program	10.553	091970, 111970	\$ 527
National School Lunch Program	10.555	111950, 111960	417
Total Child Nutrition Cluster			<u>944</u>
SNAP Cluster			
Passed through Prosecuting Attorney's Association of Michigan			
ARRA - State Administrative Matching Grant for the SNAP	10.561	N/A	<u>1,181</u>
Total U.S. Department of Agriculture			<u>2,125</u>
U.S. Department of Housing and Urban Development			
CDBG - State-Administered Small Cities Program Cluster			
Passed through Michigan State Housing Development Authority			
2008 Community Development Block Grant (CDBG) Program	14.228	MSC-2008-1101-HOA	<u>1,471</u>
U.S. Department of Justice			
Passed through Michigan Department of Human Services			
2011 BASIC Grant	16.540	N/A	<u>15,000</u>
U.S. Department of Labor			
Employee Benefits Security Administration			
ARRA - COBRA Premium Assistance	17.151	N/A	190
Employment Services Cluster			
Passed through Michigan Department of Energy, Labor and Economic Growth and Capital Area MI Works			
11/12 Employment Services/Wagner-Peyser	17.207	ES-CTFE-PY11	41,834
10/11 Employment Services/Wagner-Peyser	17.207	ES-CTFE-PY10	45,194
Total Employment Services Cluster			<u>87,028</u>
Total U.S. Department of Labor			<u>87,218</u>

CLINTON COUNTY, MICHIGAN

Schedule of Expenditure of Federal Awards For the Year Ended December 31, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Transportation			
Highway Safety Cluster			
Passed through Michigan State Police Office of Highway Safety Planning			
10/11 State and Community Highway Safety	20.600	PT-11-17	\$ 16,676
U.S. Environmental Protection Agency			
Direct Program			
ARRA - 2010-13 Brownfield Assessment & Cleanup Cooperative Agreements			
	66.818	BF00E00412-1	158,133
U.S. Department of Energy			
Passed through Michigan Department of Energy, Labor, and Economic Growth			
ARRA - Energy Efficiency & Conservation Block Grant Program			
	81.128	BES-10-120	29,098
ARRA - Energy Efficiency & Conservation Block Grant Program			
	81.128	MEO-11-58	35,452
Total U.S. Department of Energy			64,550
U.S. Department of Education			
Passed through Michigan Department of Education & Clinton County RESA			
10/11 Title I, Part D	84.013	111700-1011	12,018
U.S. Department of Health and Human Services			
Passed through Michigan Department of Human Services			
Title IV-D Cooperative Reimbursement (III.a)			
Friend of the Court - 11/12			
	93.563	CS/FOC-10-19001	432,169
Prosecuting Attorney - 11/12			
	93.563	CS/PA-10-19001	92,831
Title IV-D Incentive Payments FY12 (III.b)			
	93.563	N/A	22,887
Title IV-D Incentive Payments FY11 (III.b)			
	93.563	N/A	69,795
Total U.S. Department of Health and Human Services			617,682
U.S. Department of Homeland Security			
Passed through Michigan Department of Natural Resources			
2010 Boating Safety Financial Assistance	97.012	N/A	3,555

CLINTON COUNTY, MICHIGAN

Schedule of Expenditure of Federal Awards For the Year Ended December 31, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Homeland Security (continued)			
Passed through Michigan State Police			
FY11 Regular Emergency Management Performance Grant	97.042	EMW-2011-EP0004-S01	\$ 30,166
Homeland Security Cluster			
Passed through Michigan State Police and the City of Lansing			
2008 HSGP - SHSP - Planning	97.067	N/A	22,701
2008 HSGP - SHSP - Equipment	97.067	N/A	41,692
2008 HSGP - SHSP - LETPA - Equipment	97.067	N/A	16,697
2009 HSGP - SHSP - Planning	97.067	N/A	25,187
2009 HSGP - SHSP - Equipment	97.067	N/A	7,669
2009 HSGP - SHSP - LETPA - Equipment	97.067	N/A	30,496
Total Homeland Security Cluster			144,442
Total U.S. Department of Homeland Security			178,163
Total Federal Financial Assistance			\$ 1,153,036

CLINTON COUNTY, MICHIGAN

Notes to the Schedule of Expenditure of Federal Awards

I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Clinton County, Michigan under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 assets or cash flows of the County.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, 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.

III. 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 State Department of Human Services (DHS). 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 DHS for the reimbursable expenditures is considered Federal.
- (b) The reimbursements for the 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.

IV. RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2011, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

CLINTON COUNTY, MICHIGAN

Notes to the Schedule of Expenditure of Federal Awards

	Federal/ State Revenue	Less State Revenue	Adjustments	Federal Expenditures
Primary Government				
<i>General Fund</i>				
Highway Safety	\$ 16,676	\$ -	\$ -	\$ 16,676
Homeland Security	144,442	-	-	144,442
Prosecuting Attorney Food Stamp	1,181	-	-	1,181
CRP - Prosecuting Attorney	92,831	-	-	92,831
Emergency Management	30,166	-	-	30,166
Brownfield Assessment	158,133	-	-	158,133
Employment Services	87,028	-	-	87,028
Support Incentive	92,682	-	-	92,682
Marine Safety	3,555	-	-	3,555
Housing Grant	1,471	-	-	1,471
Juvenile Grant - Title I, Part D	12,018	-	-	12,018
Other Programs	1,061,034	1,061,034	-	-
Total general fund	1,701,217	1,061,034	-	640,183
<i>Special Revenue Funds</i>				
Friend of the Court	509,187	77,018	-	432,169
Child Care	522,943	506,999	-	15,944
Other Programs	84,922	84,922	-	-
Public Improvement	64,550	-	-	64,550
Total special revenue funds	1,181,602	668,939	-	512,663
<i>Internal Service Funds</i>				
Insurance	190	-	-	190
Total Primary Government	\$ 2,883,009	\$ 1,729,973	\$ -	\$ 1,153,036

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 7, 2012

Board of Commissioners
Clinton County, 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*, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 7, 2012. We did not audit the financial statements of the Road Commission of the County of Clinton, which represents 68% of the total assets and 90% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Road Commission of Clinton County, is based solely on the report of the other auditors. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Clinton County, Michigan's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Clinton County, Michigan's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Clinton County, Michigan's* internal control over financial reporting.

A *deficiency in internal controls* exists when the design or operation of 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Clinton County, Michigan's* financial statements are free of 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 statements 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*.

This report is intended solely for the information and use of the Audit Committee, 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.

The image shows a handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 7, 2012

Board of Commissioners
Clinton County, Michigan

Compliance

We have audited the compliance of *Clinton County, Michigan* with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 a 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Audit Committee, Board of Commissioners, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



CLINTON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs December 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified on financial statements

Internal controls 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

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

_____ yes X no

Identification of Major Program:

CFDA Number

93.563

Name of Federal Program or Cluster

Title IV-D Cooperative Reimbursement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

CLINTON COUNTY, MICHIGAN

■ Schedule of Findings and Questioned Costs December 31, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - PRIOR YEAR FINDINGS

There were no audit findings reported for the fiscal year ended December 31, 2010.