

Clinton
County,
Michigan



Year Ended
December 31,
2013

Single Audit Act
Compliance

CLINTON COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

May 5, 2014

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 5, 2014, 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 OMB 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 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.



CLINTON COUNTY, MICHIGAN

Schedule of Expenditure of Federal Awards
For the Year Ended December 31, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
SNAP Cluster				
State Administrative Matching Grant for the SNAP	10.561	PAAM	N/A	\$ 1,200
Cooperative Forestry Assistance				
Urban & Community Forestry Grant Program	10.664	MDNR	CFG 13-10	<u>3,000</u>
Total U.S. Department of Agriculture				<u>4,200</u>
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	Direct	2011BUBX11055319	2,975
Equitable Sharing Program	16.922	Direct	MI1911900	<u>18,936</u>
Total U.S. Department of Justice				<u>21,911</u>
U.S. Department of Labor				
Employment Services Cluster				
PY12 Employment Services/Wagner-Peyser	17.207	MDELEG & CAMW	ES-CTFE-PY12	48,322
PY13 Employment Services/Wagner-Peyser	17.207	MDELEG & CAMW	ES-CTFE-PY13	<u>32,530</u>
Total U.S. Department of Labor				<u>80,852</u>
U.S. Environmental Protection Agency				
ARRA - 2010-13 Brownfield Assessment & Cleanup Cooperative Agreements	66.818	Direct	BF00E00412-0	<u>24,201</u>
U.S. Department of Education				
12/13 Title I, Part D	84.013	MDE & CCRESA	131700-1213	12,959
11/12 Title I, Part D, Subpart 2	84.013	MDE & CCRESA	121701-1213	<u>7,533</u>
Total U.S. Department of Education				<u>20,492</u>
U.S. Department of Health and Human Services				
Title IV-D Cooperative Reimbursement (3a)				
Friend of the Court - 2013	93.563	MDHS	CS/FOC-13-19001	479,615
Prosecuting Attorney - 2013	93.563	MDHS	CS/PA-13-19002	86,407
Title IV-D Incentive Payments FY13 (3b)	93.563	MDHS	N/A	65,994
Title IV-D Incentive Payments FY14 (3b)	93.563	MDHS	N/A	<u>22,943</u>
Total U.S. Department of Health and Human Services				<u>654,959</u>
U.S. Department of Homeland Security				
2013 Boating Safety Financial Assistance	97.012	MDNR	N/A	2,992
Emergency Management Performance Grant				
2010 Supplemental	97.042	MSP	2010-EP-00-0002	3,335
2011 Supplemental	97.042	MSP	EMW-2011-EP-00004-S01	10,195
2013 Regular	97.042	MSP	EMW-2013-EP-00026-S01	<u>28,030</u>
				<u>41,560</u>

continued...

CLINTON COUNTY, MICHIGAN

Schedule of Expenditure of Federal Awards
For the Year Ended December 31, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Homeland Security (concluded)				
Homeland Security Cluster				
2011 HSGP - SHSP - Planning	97.067	MSP & CL	N/A	\$ 28,226
2011 HSGP - SHSP - Training	97.067	MSP & CL	N/A	4,714
2011 HSGP - SHSP - LETPA - Equipment	97.067	MSP & CL	N/A	37,032
2011 HSGP - SHSP - Equipment	97.067	MSP & CL	N/A	661
2010 HSGP - SHSP - Planning	97.067	MSP & CL	N/A	13,688
2010 HSGP - SHSP - Equipment	97.067	MSP & CL	N/A	68,336
2010 HSGP - SHSP - Exercise	97.067	MSP & CL	N/A	283
2012 HSGP - SHSP - Equipment	97.067	MSP & CL	N/A	7,934
2012 HSGP - SHSP - Training	97.067	MSP & CL	N/A	291
2012 HSGP - SHSP - LETPA - Training	97.067	MSP & CL	N/A	5,600
				<u>166,765</u>
Total U.S. Department of Homeland Security				<u>211,317</u>
Total Expenditures of Federal Awards				<u>\$ 1,017,932</u>

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, 2013. 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 position or cash flows of the County.

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 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.

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 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.

CLINTON COUNTY, MICHIGAN

Notes to the Schedule of Expenditure of Federal Awards

4. RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2013, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State Revenue	Less State Revenue	Adjustments	Federal Expenditures
Primary Government				
<i>General Fund</i>				
Homeland Security	\$ 166,765	\$ -	\$ -	\$ 166,765
Prosecuting Attorney Food Stamp	1,200	-	-	1,200
CRP - Prosecuting Attorney	86,407	-	-	86,407
Emergency Management	41,560	-	-	41,560
Brownfield Assessment	24,201	-	-	24,201
Employment Services	80,852	-	-	80,852
Support Incentive	88,937	-	-	88,937
Marine Safety	2,992	-	-	2,992
Juvenile Grant - Title I, Part D	20,492	-	-	20,492
Other Programs	1,942,964	1,942,964	-	-
Total general fund	2,456,370	1,942,964	-	513,406
<i>Special Revenue Funds</i>				
Friend of the Court	538,313	58,698	-	479,615
Drug Forfeiture	21,911	-	-	21,911
Other Programs	991,425	991,425	-	-
Public Improvement	1,367,089	1,364,089	-	3,000
Total special revenue funds	2,918,738	2,414,212	-	504,526
Total Primary Government	\$ 5,375,108	\$ 4,357,176	\$ -	\$ 1,017,932

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 RESA
CL	City of Lansing
MDE	Michigan Department of Education
MDELEG	Michigan Department of Energy, Labor and Economic Growth
MDHS	Michigan Department of Human Services
MDNR	Michigan Department of Natural Resources
MSP	Michigan State Police
PAAM	Prosecuting Attorney's Association of Michigan



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 5, 2014

Board of Commissioners
Clinton County, 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*, as of and for the year ended December 31, 2013, 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 5, 2014. Our report includes a reference to other auditors who audited the financial statements of the Road Commission of the County of Clinton, 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 *Clinton County, Michigan'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 the County's internal control.

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. 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 and 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 *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*.

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

May 5, 2014

Board of Commissioners
Clinton County, Michigan**Report on Compliance for Each Major Federal Program**

We have audited *Clinton County, Michigan's* compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. 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 Road Commission of the County of Clinton, which received \$1,780,576 in federal awards which is not included in the schedule of expenditures of federal awards during the year ended December 31, 2013. Our audit, described below, did not include the operations of the Road Commission of the County of Clinton because the component unit engaged other auditors to perform an audit in accordance with Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the *Clinton County, Michigan* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended December 31, 2013.

Reporting 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 a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major program 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. *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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rehmann Johnson LLC

CLINTON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

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:

Unmodified

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

Name of Federal Program or Cluster

93.563

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

For the Year Ended December 31, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CLINTON COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2013

There were no audit findings reported for the fiscal year ended December 31, 2012.