

REPORT ON EXPENDITURES OF FEDERAL AWARDS

CLINTON COUNTY



YEAR ENDED DECEMBER 31, 2005

CLINTON COUNTY
REPORT ON EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005
TABLE OF CONTENTS

	<u>PAGE</u>
Schedule of Expenditures of Federal Awards	1-5
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 <i>Government Auditing Standards</i>	6-7
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	8-9
Schedule of Findings and Questioned Costs	10-11
Summary Schedule of Prior Audit Findings	12

Clinton County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE Passed through Prosecuting Attorney's Association of Michigan Food Stamp Fraud Program	10.561	N/A	\$ 1,890	\$ 1,890
U.S. DEPARTMENT OF LABOR Passed through the Michigan Jobs Commission Employment Services	17.207			
05/06		5025ES	96,088	44,353
04/05		4025ES	<u>92,775</u>	<u>47,561</u>
			188,863	91,914
U.S. DEPARTMENT OF JUSTICE The Drug Control and System Improvement Grant Program	16.579			
Passed through State Department of Community Health and the State Office of Drug Control Policy 04/05 Byrne Memorial Formula Grant		20051416	57,597	40,636
Passed through Michigan Family Independence Agency 2005 BASIC Grant	16.540	N/A	15,000	14,941
Office of Justice Program Passed through Michigan Family Independence Agency 05/06 JAIBG	16.523	JAIBG-05-19001	13,869	9,333
Bureau of Justice Assistance 2003 Bullet Proof Vest Grant	16.607	2003BUBX0301548	5,295	295
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed through Michigan Family Independence Agency Child Support Enforcement (Title IV-D) Cooperative Reimbursement ^(a)	93.563			
Friend of the Court - 05/06		CS/FOC-06-19001	630,859	141,708
Friend of the Court - 04/05		CS/FOC-05-19001	604,141	352,628

Clinton County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED				
Passed through Michigan Family Independence Agency				
Child Support Enforcement (Title IV-D) Cooperative Reimbursement ^(a)	93.563			
Prosecuting Attorney - 05/06		CS/PA-06-19002	\$ 111,481	\$ 25,431
Prosecuting Attorney - 04/05		CS/PA-05-19002	106,997	57,380
Cooperative Reimbursement ^(a)				
Medical Support Collection Friend of the Court FY04/05		CS/MED-05-19001	17,582	6,311
Title IV D Incentive Payments (b)				
2006 Regular		N/A	25,276	25,276
2003 Regular - Final		N/A	173,435	87,725
2005 Regular		N/A	<u>53,491</u>	<u>53,491</u>
			1,723,262	749,950
Title IV B Subpart 2				
Family Preservation Support Services Strong Families/Safe Children	93.556			
04/05		SFSC-03-19002-3	36,451	26,908
05/06		SFSC-03-19002-4	<u>24,283</u>	<u>5,083</u>
			60,734	31,991
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Michigan State Housing Development Authority				
Community Development Block Grant (CDBG) Program	14.228			
State's Program 04/05 CDBG Housing Grant Program		MSC-2004-1101-HOA	275,000	160,819
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Michigan State Police Office of Highway Safety Planning				
2005 State and Community Highway Safety	20.600	PT-05-65	35,000	34,151

Clinton County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Michigan State Police				
State Domestic Preparedness Equipment				
Support Program	97.004			
2003 SHSGP- Part II SAP		N/A	\$ 34,000	\$ 6,287
2003 SHSGP - Exercise Grant		N/A	21,300	7,975
2004 HSGP - LETPP		N/A	71,115	71,115
2004 HSGP - SHSP		N/A	233,742	233,297
2003 SHSGP - Training Part II		N/A	<u>77,415</u>	<u>17,844</u>
			437,572	336,518
Emergency Management Performance Grant FY04 Supplemental	97.042	N/A	29,063	197
Homeland Security Grant Program	97.067	N/A		
FY05 EMPG			29,522	28,847
FY05 LETPP – CBRNE Equipment			66,870	16,915
FY05 HSGP – CBRNE Planning			50,000	13,950
FY05 HSGP – CBRNE Equipment			<u>130,028</u>	<u>6,138</u>
			<u>276,420</u>	<u>65,850</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,119,565</u>	<u>\$ 1,538,485</u>

Clinton County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2005

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Clinton County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements which are reconciled in Note C.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF 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 Family Independence Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of total contract expenditures.
- (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.

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2005, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/ State Revenue</u>	<u>Less State Revenue</u>	<u>Adjustments</u>	<u>Federal Expenditures</u>
PRIMARY GOVERNMENT				
GENERAL FUND				
Highway Safety	\$ 34,151	\$ -	\$ -	\$ 34,151
Homeland Security	373,521	-	-	373,521
Prosecuting Attorney Food Stamp	1,890	-	-	1,890
CRP - Prosecuting Attorney	85,445	(2,634)	-	82,811
Emergency Management	29,044	-	-	29,044
Employment Services	91,914	-	-	91,914
Support Incentive	78,767	-	87,725	166,492
Juvenile Grant	9,333	-	-	9,333
Strong family/Safe child	31,991	-	-	31,991
Sheriff – Byrne Formula	40,636	-	-	40,636
Housing Grant	<u>172,616</u>	<u>-</u>	<u>(11,797)</u>	<u>160,819</u>
TOTAL GENERAL FUND	949,308	(2,634)	75,928	1,022,602
SPECIAL REVENUE FUNDS				
Friend of the Court	515,548	(14,901)	-	500,647
Child Care	484,424	(469,483)	-	14,941
Drug Forfeiture	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>
TOTAL SPECIAL REVENUE FUNDS	<u>1,000,267</u>	<u>(484,384)</u>	<u>-</u>	<u>515,883</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,949,575</u>	<u>\$ (487,018)</u>	<u>\$ 75,928</u>	<u>\$ 1,538,485</u>



**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**

March 15, 2006

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, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 15, 2006. We did not audit the financial statements of the Road Commission of the County of Clinton, which represents 63% of the total assets and 92% 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 the County of Clinton, 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of **Clinton County** in a separate letter dated March 15, 2006.

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

A handwritten signature in cursive script that reads "Lehmann Johnson".



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 16, 2006

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 are applicable to each of its major federal programs for the year ended December 31, 2005. **Clinton County, Michigan'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 **Clinton County, Michigan's** management. Our responsibility is to express an opinion on **Clinton County, Michigan'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 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 **Clinton County, Michigan'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 **Clinton County, Michigan's** compliance with those requirements.

In our opinion, **Clinton County, Michigan** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of **Clinton County, Michigan** 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 **Clinton County, Michigan'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2005, and have issued our report thereon dated March 16, 2006. Our audit was performed 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 the purposes of additional analysis as required by OMB Circular A-133 and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Road Commission of the County of Clinton, which represents 63% of the total assets and 92% 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.

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



CLINTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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

Reportable condition(s) identified not

considered to be material weaknesses?

_____ 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

Reportable condition(s) identified not

considered to be material weaknesses?

_____ 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

Name of Federal Program or Cluster

97.004, 97.042, & 97.067

Homeland Security Grant Program
Cluster

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

There were no audit findings reported for the fiscal year ended December 31, 2004.