



# Clinton County, Michigan

## Single Audit Act Compliance

For the Year Ended December 31, 2010

**CLINTON COUNTY**  
**SINGLE AUDIT ACT COMPLIANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS**

May 9, 2011

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, 2010, and have issued our report thereon dated May 9, 2011. 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 67% of the total assets and 89% 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 performed for the purpose of forming opinions on the County's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements of the County. 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.



**CLINTON COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Awards Expended
<b>U.S. Department of Agriculture</b>			
Passed through Michigan Department of Education National School Breakfast Program	10.553 (d)	101970,111970	\$ 1,534
National School Lunch Program	10.555 (d)	101950,111950, 101960, 111960	1,399
			<u>2,933</u>
Passed through Prosecuting Attorney's Association of Michigan State Administrative Matching Grant for the SNAP - ARRA	10.561	N/A	<u>1,550</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>4,483</b></u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Michigan State Housing Development Authority 2008 Community Development Block Grant (CDBG) Program	14.228	MSC-2008-1101-HOA	<u>23,852</u>
<b>U.S. Department of Justice</b>			
Passed through Michigan Department of Human Services 2010 BASIC Grant	16.540	N/A	<u>14,989</u>
<b>U.S. Department of Labor</b>			
Direct award			
Employee Benefits Security Administration COBRA Premium Assistance - ARRA	17.151	N/A	<u>564</u>
Passed through Michigan Department of Energy, Labor and Economic Growth and Capital Area MI Works			
09/10 Employment Service/Wagner-Peyser - ARRA	17.207	9225	61,819
09/10 Employment Service/Wagner-Peyser	17.207	9025	45,567
10/11 Employment Service/Wagner-Peyser	17.207	ES-CTFE-PY10	44,157
			<u>151,543</u>
<b>Total U.S. Department of Labor</b>			<u><b>152,107</b></u>
<b>U.S. Department of Transportation</b>			
Passed through Michigan State Police Office of Highway Safety Planning			
10/11 State and Community Highway Safety	20.600 (c)	PT-11-17	3,318
10/11 Occupant Protection Incentive Grant	20.602 (c)	PT-11-17	<u>4,000</u>
<b>Total U.S. Department of Transportation</b>			<u><b>7,318</b></u>
<b>Environmental Protection Agency</b>			
Direct award			
2010-13 Brownfield Assessment & Cleanup Cooperative Agreements - ARRA	66.818	BF00E00412-0	<u>54,098</u>
<b>U.S. Department of Energy</b>			
Passed through Michigan Department of Energy, Labor and Economic Growth Energy Efficiency & Conservation Block Grant Program - ARRA	81.128	BES-10-120	<u>243,728</u>

**CLINTON COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Awards Expended
<b>U.S. Department of Health and Human Services</b>			
Passed through Michigan Family Independence Agency			
Title IV-D Cooperative Reimbursement (a)			
Friend of the Court - 10/11	93.563	CS/FOC-10-19001	518,073
Prosecuting Attorney - 10/11	93.563	CS/PA-10-19002	84,354
Title IV-D Incentive Payments FY10 (b)	93.563	N/A	73,788
Title IV-D Incentive Payments FY11 (b)	93.563	N/A	<u>23,761</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>699,976</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed through Michigan State Police			
FY10 Regular Emergency Management Performance Grant	97.042	N/A	<u>31,025</u>
Passed through Michigan State Police and the City of Lansing			
Homeland Security Grant Program			
2007 HSGP - Planning	97.067	N/A	12,345
2007 HSGP - SHSP Equipment	97.067	N/A	4,526
2007 HSGP - LETPP Equipment	97.067	N/A	6,095
2008 HSGP - Planning	97.067	N/A	37,059
2008 HSGP - SHSP Equipment	97.067	N/A	<u>33,696</u>
			<u>93,721</u>
Passed through Michigan Department of Natural Resources			
2010 Boating Safety Financial Assistance	97.012	1/MS2010	<u>4,988</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>129,734</u></b>
<b>Total expenditures of federal awards</b>			<b><u>\$ 1,330,285</u></b>

# CLINTON COUNTY, MICHIGAN

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2010

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### **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 Explanation of Schedule**

The following descriptions identified below as (a)-(d) 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.
- (c) These programs are considered a U.S. Department of Transportation cluster per OMB Circular A-133.
- (d) These programs are considered a U.S. Department of Agriculture cluster per OMB Circular A-133.

### **Note C: Reconciliation to Schedule of Expenditures of Federal Awards**

The following reconciles the Federal revenues reported in the December 31, 2010, 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 EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2010

	<u>Federal/ State Revenue</u>	<u>Less State Revenue</u>	<u>Adjustments</u>	<u>Federal Expenditures</u>
<b>Primary Government</b>				
<b><u>General Fund</u></b>				
Highway Safety	\$ 7,318	\$ -	\$ -	\$ 7,318
Homeland Security	93,721	-	-	93,721
Prosecuting Attorney Food Stamp	1,550	-	-	1,550
CRP - Prosecuting Attorney	84,354	-	-	84,354
Emergency Management	31,025	-	-	31,025
Brownfield assessment	54,098	-	-	54,098
Employment Service	151,543	-	-	151,543
Support Incentive	97,549	-	-	97,549
Marine Safety	4,988	-	-	4,988
Housing Grant	23,852	-	-	23,852
Other Programs	<u>1,103,102</u>	<u>1,103,102</u>	<u>-</u>	<u>-</u>
<b>Total General Fund</b>	<b>1,653,100</b>	<b>1,103,102</b>	<b>-</b>	<b>549,998</b>
<b><u>Special Revenue Funds</u></b>				
Friend of the Court	518,073	-	-	518,073
Child Care	579,717	561,795	-	17,922
Other Programs	70,392	70,392	-	-
Public Improvement	<u>512,066</u>	<u>268,338</u>	<u>-</u>	<u>243,728</u>
<b>Total Special Revenue Funds</b>	<b>1,680,248</b>	<b>900,525</b>	<b>-</b>	<b>779,723</b>
<b><u>Internal Service Funds</u></b>				
Insurance	<u>564</u>	<u>-</u>	<u>-</u>	<u>564</u>
<b>Total Primary Government</b>	<b><u>\$3,333,912</u></b>	<b><u>\$2,003,627</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,330,285</u></b>

**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 9, 2011

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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 9, 2011. We did not audit the financial statements of the Road Commission of the County of Clinton, which represents 67% of the total assets and 89% 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 in order to determine 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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.

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

**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 9, 2011

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, 2010. 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 are applicable to each of its major federal programs for the year ended December 31, 2010.

## **Internal Control Over Compliance**

The 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.

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

**CLINTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**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

**CLINTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Identification of Major Program:

**CFDA Number**

**Name of Federal Program or Cluster**

17.207  
81.128

Employment Services Cluster  
Energy Efficiency and Conservation Block  
Grant Program

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

\$300,000

Auditee qualified as low-risk auditee?

X  yes   no

**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, 2009.