

Shiawassee County, Michigan

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

December 31, 2010

Shiawassee County, Michigan

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Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

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

To the Board of Commissioners
of Shiawassee County
Corunna, Michigan

Compliance

We have audited Shiawassee County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are could have a direct and material effect on each of Shiawassee County's major federal programs for the year ended December 31, 2010. Shiawassee County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Shiawassee County's management. Our responsibility is to express an opinion on Shiawassee 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 Shiawassee 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 Shiawassee County's compliance with those requirements.

In our opinion, Shiawassee County, complied, in all material respects, with the compliance 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, 2010.

Internal Control Over Compliance

Management of Shiawassee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Shiawassee County's internal control over compliance with the requirements that could have a direct and material effect on the major federal programs to determine the 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 Shiawassee County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shiawassee 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.

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 compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Shiawassee County, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 25, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Shiawassee County's 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 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.

This report is intended solely for the information and use of the Board of Commissioners and management of Shiawassee County, others within the County, the pass-through grantors, and the Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 25, 2011

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Michigan Department of Community Health			
Women, Infants and Children (WIC) ^(d)			
FY 10-11 Regular	10.557	20111376	\$ 84,527
FY 09-10 Regular		20100292	229,623
			<u>314,150</u>
Passed through Michigan Department of Education			
National School Breakfast Program ^(f)	10.553	101970	1,590
National School Lunch Program ^(f)	10.555	101950, 101960	<u>2,474</u>
			4,064
Passed through Prosecuting Attorney's Association of Michigan			
State Administrative Matching Grant for the SNAP	10.561	N/A	450
U.S. DEPARTMENT OF COMMERCE			
Passed through Michigan State Police			
PSIC Grant Program 07-10	11.555	2007-GS-H7-0043	22,709
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant (CDBG) Program			
State's Program	14.228		
08-11 NSP		NSP20080814CFR	20,595
09-11 Housing		MSC20090814HOA	<u>188,319</u>
			208,914
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership (Direct)			
2010 Grants	16.607	N/A	11,984
Passed through Michigan State Police			
Edward Byrne Memorial JAG Program			
2010 Grants	16.738	N/A	7,251
Passed through Michigan Department of Community Health			
Edward Byrne Memorial JAG Program - ARRA			
2010 MAGNET Grant	16.803	N/A	3,855

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF JUSTICE - CONTINUED			
Passed through Michigan Department of Human Services			
BASIC Grant 2010	16.540	78	\$ 11,421
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Michigan Department of Transportation			
09-10 Airport Improvement Program	20.106	N/A	294,286
Passed through Michigan State Police			
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	N/A	6,672
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan DNRE			
State Grants to Reimburse Operations	66.471		
FY 10-11		N/A	409
FY 09-10		N/A	1,296
			<u>1,705</u>
U.S. DEPARTMENT OF ENERGY			
Passed through State Department of Energy, Labor and Economic Growth			
EECBG 10-11 - ARRA ^(d)	81.128	BES-10-149	300,816
U.S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education and Shiawassee RESD			
E.S.E.A. Title I	84.010	N/A	22,991
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Michigan Department of Office on Services to the Aging and Valley Area Agency on Aging			
Title III-B Special Programs for the Aging ^(a)	93.044		
Grants for In-home Services, Chore, CCS, and Senior Centers		SCOA-10	37,699
Title III-C Special Programs for the Aging ^(a)	93.045		
2010 Nutrition Congregate		SCOA-NUTR-10	25,613
2010 Nutrition Home Delivered Meals		SCOA-NUTR-10	<u>71,850</u>
			97,463
Title III-E National Family Caregiver Support	93.052	SCOA-10	29,992

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed through Michigan Department of Office on Services to the Aging and Valley Area Agency on Aging - continued			
Nutrition Services Incentive Program ^(a)	93.053		
2010 Nutrition Congregate		SCOA-NUTR-10	\$ 11,980
2010 Nutrition Home Delivered Meals		SCOA-NUTR-10	53,136
			<hr/>
			65,116
Aging HDM Nutrition Services to States - ARRA ^(a)	93.705	SCOA-10	7,015
Aging Cong Nutrition Services to States - ARRA ^(a)	93.707	SCOA-10	14,247
Passed through Michigan Department of Community Health			
Public Health Emergency Preparedness ^(d)	93.069		
FY 10-11 Pandemic Flu / Bioterrorism		20111376	32,868
FY 09-10 Pandemic Flu / Bioterrorism		20100292	163,369
Vaccine Supply		N/A	104,374
FY 09-10 H1N1		20100292	83,777
			<hr/>
			384,388
Immunization Grants ^{(d)(g)}	93.268		
FY 10-11 IAP & AFIX		20111376	13,903
FY 09-10 IAP & AFIX		20100292	29,698
FY 10-11 Care Coordination		20111376	960
FY 09-10 Care Coordination		20100292	2,730
FY 10-11 Nurse Education		20111376	100
FY 09-10 Nurse Education		20100292	300
Vaccine Supply		N/A	120,891
			<hr/>
			168,582
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		
FY 10-11			
BCCCP Coordination		20111376	11,863
Cancer - Family Planning		20111376	339
FY 09-10			
BCCCP Coordination		20100292	1,109
Cancer - Family Planning		20100292	16,579
			<hr/>
			29,890

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed through Michigan Department of Community Health - continued			
ARRA - Immunizations ^{(d)(g)}	93.712		
FY 10-11		20111376	\$ 1,957
FY 09-10		20100292	<u>3,687</u>
			5,644
Medical Assistance Program	93.778		
FY 10-11 Care Coordination ^(e)		20111376	6,511
FY 09-10 Care Coordination ^(e)		20100292	<u>18,089</u>
			24,600
HIV Prevention Activities	93.940		
10-11 AIDS/HIV Prevention		20111376	44
09-10 AIDS/HIV Prevention		20100292	<u>176</u>
			220
Maternal and Child Health Services			
Block Grant to the States	93.994		
FY 10-11 Local MCH		20111376	10,628
FY 09-10 Local MCH		20100292	26,280
FY 10-11 Case Management		20111376	806
FY 09-10 Case Management		20100292	2,419
FY 10-11 Case Management		20111376	6,511
FY 09-10 Case Management		20090212	<u>7,077</u>
			53,721
Passed through Michigan Department of Human Services			
Child Support Enforcement (Title IV-D)	93.563		
Cooperative Reimbursement			
Friend of the Court ^(b)			
09-12		CS/FOC-10-78001	611,693
Cooperative Reimbursement			
Prosecuting Attorney ^(b)			
09-12		CS/PA-10-78002	159,602
Incentive Payments ^(c)			
2010 Regular		N/A	<u>113,198</u>
			884,493

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed through Michigan Department of Human Services - continued			
Foster Care - Title IV-E 08-11	93.658	PROFC-08-78001	\$ 19,982
Social Services Block Grant 09-10	93.667	GUARD-09-78001	6,480
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police			
Emergency Management Performance Grant FY 10 Regular	97.042	N/A	20,392
Homeland Security Grant Program FY 07 CBRNE - Equipment and Planning	97.067	N/A	13,612
Passed through Michigan State Police and the City of Lansing			
2009 SHSP & LETPP	97.067	N/A	<u>171,291</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,246,095</u>

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2010

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Shiawassee 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.

Federal Awards of the Shiawassee County Road Commission are excluded from the accompanying Schedule of Expenditures of Federal Awards. This component unit's audit report is issued under separate cover. Single Audits, when applicable, are included in their report. To view copies of those reports contact the administrative offices of the component unit or the Shiawassee County Administrators office.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

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

- (a) Programs considered a cluster by the U.S. Department of Health and Human Services.
- (b) Reimbursements of these contracts are 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 reimbursed expenditures is considered Federal.
- (c) 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.
- (d) Denotes program tested as a "major program".
- (e) The reimbursements for these programs are based on a fixed unit rate for each allowable service provided. Expenditures have been reported to the extent of earned revenues.
- (f) Programs considered a cluster by the U.S. Department of Agriculture.
- (g) Programs considered a cluster by the U.S. Department of Health and Human Services.

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

December 31, 2010

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:

	Federal/ State Revenue	Less: State Revenue	Adjustments	Federal Expenditures
PRIMARY GOVERNMENT				
GENERAL FUND				
CRP Prosecuting Attorney	\$ 159,602	\$ -	\$ -	\$ 159,602
CRP Friend of the Court	588,182	-	9,238 ⁽¹⁾	597,420
ADC Maintenance Assistance	113,198	-	-	113,198
Sheriff - justice	23,090	-	-	23,090
Emergency Management	162,209	-	-	162,209
Probate court guardianship	6,480	-	-	6,480
Other Programs	<u>2,194,321</u>	<u>(2,194,321)</u>	-	<u>-0-</u>
TOTAL GENERAL FUND	3,247,082	(2,194,321)	9,238	1,061,999
OTHER GOVERNMENTAL FUNDS				
Prosecutor's Fees	20,432	-	-	20,432
Friend of the Court	14,273	-	-	14,273
Health Department	1,871,127	(888,227)	-	982,900
Housing Rehabilitation	209,261	(347)	-	208,914
Child Care Probate	372,169	(333,693)	-	38,476
Central Dispatch	32,615	(9,906)	-	22,709
Emergency Management	3,893	(900)	3,679 ⁽¹⁾	6,672
Capital Improvement	43,086	-	-	43,086
Equipment Acquisition	300,816	-	-	300,816
Other Programs	<u>55,201</u>	<u>(55,201)</u>	-	<u>-0-</u>
TOTAL OTHER GOVERNMENTAL FUNDS	2,922,873	(1,288,274)	3,679	1,638,278
TOTAL PRIMARY GOVERNMENT	6,169,955	(3,482,595)	12,917	2,700,277
COMPONENT UNITS				
Council on Aging	399,696	(148,164)	-	251,532
County Airport	310,238	(15,952)	-	294,286
Road Commission	<u>9,012,036</u>	<u>(9,012,036)</u>	-	<u>-0-</u>
TOTAL COMPONENT UNITS	9,721,970	(9,176,152)	-0-	545,818
TOTAL ENTITY-WIDE	<u>\$ 15,891,925</u>	<u>\$ (12,658,747)</u>	<u>\$ 12,917</u>	<u>\$ 3,246,095</u>

⁽¹⁾ These adjustments are related to immaterial items which were netted against current year intergovernmental revenue in the financial statements. The expenditure amount is reported gross on the Schedule of Expenditures of Federal Awards.

Principals

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3511 Coolidge Road
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FAX: (517) 351-6837

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

To the Board of Commissioners
of Shiawassee County
Corunna, 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 Shiawassee County as of and for the year ended December 31, 2010, which collectively comprise Shiawassee County's basic financial statements and have issued our report thereon dated May 25, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shiawassee County'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 Shiawassee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Shiawassee County's internal control over financial reporting.

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.

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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 Shiawassee County'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 statement amounts. However, providing an opinion on compliance with other provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners of Shiawassee County, others within the County, the pass-through grantors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

May 25, 2011

Shiawassee County, Michigan

SCHEDULE OF FINDINGS

Year Ended December 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ 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 deficiencies identified that are not considered to be material weakness(es)? _____ 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 with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants and Children (WIC)
93.069	Public Health Emergency Preparedness
93.268, 93.712	Immunizations Cluster
81.128	Energy Efficiency & Conservation Block Grant

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 noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Shiawassee County, Michigan
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2010

There were no findings disclosed for the prior year audit.