

Shiawassee County, Michigan

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

December 31, 2011

Shiawassee County, Michigan

TABLE OF CONTENTS

December 31, 2011

	<u>Page</u>
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	1-2
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	3-6
Notes to Schedule of Expenditures of Federal Awards	7-8
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>	9-10
SCHEDULE OF FINDINGS	11
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	12

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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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Shiawassee County's major federal programs for the year ended December 31, 2011. 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, 2011.

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, 2011, and have issued our report thereon dated May 8, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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.

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 8, 2012

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<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)			
FY 10-11 Regular	1Q.557	20111376	\$ 249,911
FY 11-12 Regular		20121178	<u>143,632</u>
			393,543
Passed through Michigan Department of Education			
National School Lunch Program			
2011 Noncash Assistance	1Q.555	780008001	28
Passed through Prosecuting Attorney's Association of Michigan			
State Administrative Matching Grant for the SNAP	1Q.561	N/A	450
U.S. DEPARTMENT OF COMMERCE			
Passed through Michigan State Police and the City of Lansing			
PSIC Grant Program 07-11	11.555	N/A	102,505
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant (CDBG) Program			
State's Program 09-11 Housing	14.228	MSC20090814HOA	56,763
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership (Direct)			
2011 Grants	16.607	N/A	2,581
Passed through Michigan Department of Human Services			
BASIC Grant 2011	16.540	78	7,407
Passed through Michigan State Police			
Edward Byrne Memorial JAG Program			
2011 Grants	16.738	N/A	13,078
Passed through Michigan Department of Community Health			
ARRA - Edward Byrne Memorial JAG Program			
2011 MAGNET Grant	16.803	N/A	78,957

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2011

<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 TRANSPORTATION			
Passed through Michigan State Police Interagency Hazardous Materials Public Sector Training and Planning Grant	20703	N/A	\$ 11,117
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan DNRE State Grants to Reimburse Operations FY 10-11	66471	N/A	1,940
FY 11-12		N/A	<u>408</u>
			2,348
U.S. DEPARTMENT OF ENERGY			
Passed through State Department of Energy, Labor and Economic Growth ARRA - EECBG 10-11	81.128	BES-10-149	1,198
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) Grants for In-home Services, Chore, CCS, and Senior Centers	93044	SCOA-11	38,043
Title III-C Special Programs for the Aging ^(a) 2011 Nutrition Congregate 2011 Nutrition Home Delivered Meals	93045	SCOA-NUTR-11 SCOA-NUTR-11	40,004 <u>76,434</u>
			116,438
Title III-E National Family Caregiver Support	93052	SCOA-10	27,875
Nutrition Services Incentive Program ^(a) 2011 Nutrition Congregate 2011 Nutrition Home Delivered Meals	93053	SCOA-NUTR-11 SCOA-NUTR-11	11,330 <u>42,176</u>
			53,506

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2011

<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			
Public Health Emergency Preparedness	93.069		
FY 10-11 Pandemic Flu /Bioterrorism		20111376	\$ 147,508
FY 11-12 Pandemic Flu /Bioterrorism		20121178	<u>23,626</u>
			171,134
Immunization Grants ^(g)	93.268		
FY 10-11 IAP, VFC/AFIX, & NE		20111376	25,562
FY 11-12 IAP, VFC/AFIX, & NE		20121178	15,228
Vaccine Supply		N/A	<u>150,604</u>
			191,394
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		
FY 10-11			
BCCCP Coordination		20111376	9,671
Family Planning		20111376	101
FY 11-12			
BCCCP Coordination		20121178	11,622
Family Planning		20100292	<u>216</u>
			21,610
ARRA - Immunizations ^(g)	93.712		
FY 10-11		20111376	5,468
Medical Assistance Program	93.778		
FY 10-11 Outreach		20111376	20,650
FY 11-12 Outreach		20121178	8,183
FY 10-11 CSHCS ^(f)		20111376	8,507
FY 11-12 CSHCS ^(e)		20121178	<u>6,267</u>
			43,607
Maternal and Child Health Services			
Block Grant to the States	93.994		
FY 10-11 Local MCH		20111376	9,650
FY 11-12 Local MCH		20121178	3,117
FY 10-11 CSHCS ^(h)		20111376	13,689
FY 11-12 CSHCS ^(e)		20121178	<u>20,448</u>
			46,904

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2011

<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			
Child Support Enforcement (Title IV-D) ^(d)	93.563		
Cooperative Reimbursement			
Friend of the Court ^(b)			
09-12		CS.FOC-10-78001	\$ 528,143
Cooperative Reimbursement			
Prosecuting Attorney ^(b)			
09-12		CS.PA-10-78002	170,567
Incentive Payments ^(c)			
2011 Regular		NA	<u>110,456</u>
			809,166
Foster Care - Title IV-E	93.658		
08-11		PROFC-08-78001	14,953
Social Services Block Grant	93.667		
09-11		GUARD-09-78001	1,440
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police			
Emergency Management Performance Grant	97.042		
FY 11 Regular		NA	17,205
Passed through Michigan State Police and the City of Lansing			
2011 SHSP	97.067	NA	<u>127,413</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 2,356,131</u></u>

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

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)-(h) 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 68% 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 amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on the 50% of total contract expenditures per MDCH.
- (f) The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on either 50% or 65.79% depending on the type of CSHCS funding of total contract expenditures per MDCH.
- (g) Programs considered a cluster by the U.S. Department of Health and Human Services.
- (h) The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on either 38% or 50% depending on the type of CSHCS funding of total contract expenditures per MDCH.

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2011

NOTE C: 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:

	Federal/ State Revenue	Less: State Revenue and other adjustments	Federal Expenditures
PRIMARY GOVERNMENT			
GENERAL FUND			
CRP Prosecuting Attorney	\$ 170,567	\$ -	\$ 170,567
CRP Friend of the Court	513,136	-	513,136
ADC Maintenance Assistance	201,783	(91,327)	110,456
Sheriff - justice	5,189	(2,222)	2,967
Emergency Management	159,941	-	159,941
Probate court guardianship	1,440	-	1,440
Other Programs	2,422,574	(2,422,574)	-0-
TOTAL GENERAL FUND	3,474,630	(2,516,123)	958,507
OTHER GOVERNMENTAL FUNDS			
Prosecutor's Fees	15,403	-	15,403
Friend of the Court	15,007	-	15,007
Health Department	1,866,600	(990,592)	876,008
Housing Rehabilitation	56,763	-	56,763
Child Care Probate	364,335	(356,900)	7,435
Emergency Management	11,467	(350)	11,117
Capital Improvement	87,182	-	87,182
Equipment Acquisition	1,198	-	1,198
MAGNET	91,649	-	91,649
Other Programs	108,540	(108,540)	-0-
TOTAL OTHER GOVERNMENTAL FUNDS	2,618,144	(1,456,382)	1,161,762
TOTAL PRIMARY GOVERNMENT	6,092,774	(3,972,505)	2,120,269
COMPONENT UNITS			
Council on Aging	364,697	(128,835)	235,862
County Airport	19,595	(19,595) ⁽ⁱ⁾	-0-
Road Commission	9,227,867	(9,227,867) ⁽ⁱ⁾	-0-
TOTAL COMPONENT UNITS	9,612,159	(9,376,297)	235,862
TOTAL ENTITY-WIDE	\$ 15,704,933	\$ (13,348,802)	\$ 2,356,131

(i) The Federal Funds are audited as part of the Single Audit at the Michigan Department of Transportation (MDOT) level and per MDOT directives are not subject to Single Audit at the County level.

Principals

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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, 2011, which collectively comprise Shiawassee County's basic financial statements and have issued our report thereon dated May 8, 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.

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 8, 2012

Shiawassee County, Michigan

SCHEDULE OF FINDINGS

Year Ended December 31, 2011

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>
93.563	Child Support Enforcement (Title IV-D)

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, 2011

There were no findings disclosed for the prior year audit.