

Shiawassee County, Michigan

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

December 31, 2013

Shiawassee County, Michigan

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

Board of Commissioners
Shiawassee County
Corunna, Michigan

Report on Compliance for Each Major Federal Program

We have audited Shiawassee County, Michigan's (the County) 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 the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

The County's basic financial statements include the operations of the Shiawassee County Road Commission, discretely presented component unit, which expended \$793,719 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2013. Our single audit did not include the operations of the Shiawassee County Road Commission discretely presented component unit because the component unit engaged us to perform a separate audit and Shiawassee County Road Commission discretely presented component unit did not have a single audit required because the Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county whether it is subject to single audit at their level or not. During the year ended December 31, 2013, the federal aid received and expended by the Road Commission was \$793,719 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 Each Major Federal Program

In our opinion, Shiawassee County, Michigan, complied, in all material respects, with the types of 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, 2013.

Report 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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 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. *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.

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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 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. We issued our report thereon dated March 31, 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 31, 2014

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2013

<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 12-13 Regular	10.557	20130432-06	\$ 244,997
FY 13-14 Regular		20141483	89,496
			<hr/> 334,493
Passed through Prosecuting Attorney's Association of Michigan			
State Administrative Matching Grant for the SNAP	10.561	N/A	2,025
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		
12-14 Housing		MSC20110814HOA	217,978
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership (Direct)			
2013 Grants	16.607	N/A	313
Passed through Michigan Department of Human Services			
BASIC Grant			
2013	16.540	78	10,065
Passed through Michigan State Police			
Edward Byrne Memorial JAG Program			
2013 HEMP Grants	16.738	N/A	895
2013 Meth in MI		72082-9-13-B	410
2014 MAGNET		72282-8-14-B	12,451
2013 MAGNET		72282-9-13-B	9,106
			<hr/> 22,862
ARRA - Edward Byrne Memorial JAG Program			
Paperless Warrant	16.803	6022-1-13-B	46,621

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2013

<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	20.703	N/A	\$ 2,895
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	93.044	SCOA-13	30,362
Title III-C Special Programs for the Aging ^(a) 2013 Nutrition Congregate 2013 Nutrition Home Delivered Meals	93.045	SCOA-NUTR-13 SCOA-NUTR-13	39,463 91,860
			<u>131,323</u>
Title III-E National Family Caregiver Support	93.052	SCOA-13	31,546
Nutrition Services Incentive Program ^(a) 2013 Nutrition Congregate 2013 Nutrition Home Delivered Meals	93.053	SCOA-NUTR-13 SCOA-NUTR-13	13,350 39,625
			<u>52,975</u>
Passed through Michigan Department of Community Health			
Public Health Emergency Preparedness FY 12-13 Pandemic Flu / Bioterrorism FY 13-14 Pandemic Flu / Bioterrorism	93.069	20130432-06 20141483	100,062 24,539
			<u>124,601</u>
Immunization Grants FY 12-13 IAP FY 13-14 IAP Vaccine Supply	93.268	20130432-06 20141483 N/A	23,205 11,489 100,090
			<u>134,784</u>

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2013

<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			
Centers for Disease Control and Prevention			
Investigations and Technical Assistance FY 12-13	93.919		
BCCCP Coordination		20130432-06	\$ 6,878
Family Planning		20130432-06	67
FY 13-14			
BCCCP Coordination		20141483	9,181
Family Planning		20141483	114
			<hr/>
			16,240
Medical Assistance Program	93.778		
FY 12-13 Outreach		20130432-06	24,892
FY 13-14 Outreach		20141483	9,041
FY 13-14 CSHCS		20141483	18,348
			<hr/>
			52,281
Maternal and Child Health Services			
Block Grant to the States	93.994		
FY 12-13 Local MCH		20130432-06	29,562
FY 13-14 Local MCH		20141483	7,439
			<hr/>
			37,001
Passed through Michigan Department of Human Services			
Child Support Enforcement (Title IV-D) ^(d)	93.563		
Cooperative Reimbursement			
Friend of the Court ^(b)			
12-15		CS/FOC-13-78001	553,624
Cooperative Reimbursement			
Prosecuting Attorney ^(b)			
12-15		CS/PA-13-78002	158,222
Incentive Payments ^(c)			
2013 Regular		N/A	113,596
			<hr/>
			825,442
Foster Care - Title IV-E	93.658		
2013 Regular		PROFC-11-78001	15,484

Shiawassee County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2013

<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 HOMELAND SECURITY			
Passed through Michigan State Police			
Emergency Management Performance Grant	97.042		
FY 10 Regular		N/A	\$ 2,193
FY 11 Regular		N/A	5,816
FY 12 Regular		N/A	5,000
FY 13 Regular		N/A	<u>20,488</u>
			33,497
Passed through Michigan State Police and the City of Lansing			
08-12 HSG - SHSP	97.067	N/A	<u>292,590</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 2,415,378</u></u>

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2013

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)-(d) 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".

Shiawassee County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2013

NOTE C: 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 and other adjustments	Federal Expenditures
PRIMARY GOVERNMENT			
GENERAL FUND			
CRP Prosecuting Attorney	\$ 158,222	\$ -	\$ 158,222
CRP Friend of the Court	543,458	-	543,458
ADC Maintenance Assistance	188,566	(74,970)	113,596
Sheriff - Justice	1,305	-	1,305
Emergency Management	322,757	-	322,757
Other Programs	<u>2,215,424</u>	<u>(2,215,424)</u>	<u>-0-</u>
TOTAL GENERAL FUND	3,429,732	(2,290,394)	1,139,338
OTHER GOVERNMENTAL FUNDS			
Prosecutor's Fees	17,509	-	17,509
Friend of the Court	10,166	-	10,166
Health Department	1,934,518	(1,235,118)	699,400
Housing Rehabilitation	217,978	-	217,978
Child Care Probate	302,834	(292,769)	10,065
Emergency Management	6,225	-	6,225
MAGNET	21,557	-	21,557
Sheriff Collection	313	-	313
Prosecutor's Assets	46,621	-	46,621
Other Programs	<u>166,176</u>	<u>(166,176)</u>	<u>-0-</u>
TOTAL OTHER GOVERNMENTAL FUNDS	<u>2,723,897</u>	<u>(1,694,063)</u>	<u>1,029,834</u>
TOTAL PRIMARY GOVERNMENT	6,153,629	(3,984,457)	2,169,172
COMPONENT UNITS			
Council on Aging	379,337	(133,131)	246,206
County Airport	281,850	(281,850) ⁽ⁱ⁾	-0-
Road Commission	<u>8,069,076</u>	<u>(8,069,076)⁽ⁱ⁾</u>	<u>-0-</u>
TOTAL COMPONENT UNITS	<u>8,730,263</u>	<u>(8,484,057)</u>	<u>246,206</u>
TOTAL ENTITY-WIDE	<u>\$ 14,883,892</u>	<u>\$ (12,468,514)</u>	<u>\$ 2,415,378</u>

(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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INDEPENDENT AUDITOR'S 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

Board of Commissioners
Shiawassee County
Corunna, 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 Shiawassee 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, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control.

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. 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 any 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 the County's financial statements are free from 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 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 instance 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 entity'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.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 31, 2014

Shiawassee County, Michigan

SCHEDULE OF FINDINGS

Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control 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 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)
93.563	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, 2013

There were no findings disclosed for the prior year audit.