

**EATON COUNTY,  
MICHIGAN**

**SINGLE AUDIT ACT COMPLIANCE**

**For the Year Ended September 30, 2011**

**EATON COUNTY, MICHIGAN  
SINGLE AUDIT ACT COMPLIANCE**

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**Year Ended September 30, 2011**

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**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

February 22, 2012

The Board of Commissioners  
of Eaton County, Michigan  
Charlotte, 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 *EATON COUNTY, MICHIGAN* as of and for the year ended September 30, 2011, and have issued our report thereon dated February 22, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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, *Audits of States, Local Governments and Nonprofit Organizations*, 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.

Our report includes a reference to other auditors.



**EATON COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2011**

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<b>Child Nutrition Cluster</b>			
Passed-through Michigan Department of Education			
School Breakfast Program	10.553	230008001	\$ 17,063
National School Lunch Program	10.555	230008001	26,978
Special Snack Program	10.555	230008001	3,617
Food Entitlement	10.555	230008001	2,450
Passed-through Michigan Department of Community Health			
Women, Infants and Childrer	10.557	n/a	532,219
Women, Infants and Children Breastfeeding	10.557	n/a	<u>31,966</u>
<b>Total U.S. Department of Agriculture</b>			<u>614,293</u>
<b>U.S. Department of Commerce</b>			
Passed-through the City of Lansing - Public Safety Interoperable Communications Gran	11.555	n/a	322,239
<b>U.S. Department of Housing and Urban Development</b>			
Passed-through the Michigan State Housing Development Authority			
Community Development Block Gran	14.228	n/a	182,864
Home Grant - City of Charlotte	14.239	n/a	143,974
Home Grant	14.239	n/a	<u>100,893</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>427,731</u>
<b>U.S. Department of Justice</b>			
Direct Programs:			
Organized Crime Drug Enforcement Task	16.XXX	n/a	716
State Criminal Alien Assistance Program	16.606	2009APBX0603	8,426
Bulletproof Vest Partnership Program	16.607	2009BOCX0613	5,174
Edward Byrne Memorial Justice Assistance Grant	16.579	2009-DJ-BX-0217	13,371
Passed-through Michigan Department of Human Services - Juvenile Justice and Delinquency Prevention - Violence Against Women - S.T.O.P Grant	16.588	DVPT 08-13001-1	55,354
Passed-through State Court Administrative Office: Justice Assistance Cluster:			
Drug Court - Priority	16.738	2009-DJ-BX-0086	63,496
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SU-B9-0017	122,562
Passed-through Michigan State Office of Drug Control Policy and City of Lansing - Edward Byrne Memorial Justice Assistance Grant Vertical Drug Prosecution	16.738	70901-1-10-2	<u>27,680</u>
<b>Total U.S. Department of Justice</b>			<u>296,779</u>

continued...

**EATON COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended September 30, 2010**

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
Passed-through Michigan State Police:			
Electronic Crash Capture and Submission	20.610	n/a	\$ 86,303
Hazardous Materials Emergency Preparedness	20.703	n/a	<u>12,709</u>
<b>Total U.S. Department of Transportation</b>			<u>99,012</u>
<b>U.S. Environmental Protection Agency</b>			
Direct Program -			
Brownfield Assessment and Clean-up	66.818	BF96597001	72,338
Passed-through Michigan Department of Environmental Quality -			
Operator Certification	66.471	n/a	<u>1,925</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>74,263</u>
<b>U.S. Department of Energy</b>			
Passed-through Michigan Department of Energy, Labor & Economic Growth -			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	n/a	<u>328,072</u>
<b>U.S. Department of Health and Human Services</b>			
Passed-through Michigan Department of Community Health:			
Family Planning Project	93.217	n/a	79,025
Immunization Cluster:			
Immunization & Vaccine Program	93.268	n/a	70,084
Vaccines for Children - Training Vaccines	93.268	n/a	4,800
Vaccines	93.268	n/a	322,729
Bioterrorism - Supplemental:			
Bioterrorism	93.069	n/a	163,290
H1N1 Vaccine	93.069	n/a	130,040
Recovery Act - Immunizations			
Reaching More Children and Adults	93.712	n/a	26,446
Medical Assistance Program:			
Case Management/Advocacy	93.778	n/a	32,410
Medicaid Outreach	93.778	n/a	44,627
Care Coordination	93.778	n/a	996
Breast & Cervical Cancer Control Program	93.283	n/a	35,987
Breast and Cervical Cancer Control Prog - Family Planning Jt Demo Pro	93.283	n/a	880
Colorectal Cancer Detection	93.283	n/a	14,613
Wisewoman	93.283	n/a	18,300
Preventative Health and Health Services Block Grant	93.991	n/a	13,451
Maternal & Child Health Services Block Grant			
Local MCH	93.994	n/a	67,824
Case Management	93.994	n/a	6,278
CSH Care Coordination	93.994	n/a	23,933
Passed-through Michigan Department of Human Services			
Temporary Assistance for Needy Families - Promoting Safe and Stable Families	93.556	SFSC 08-23002	6,294

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**EATON COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Concluded)**  
**For the Year Ended September 30, 2010**

<b>Federal/Pass-through Grantor Program Title</b>	<b>CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services (concluded)</b>			
ADC Maintenance Assistance	93.563	n/a	\$ 149,016
Child Support Enforcement:			
Friend of the Court	93.563	CS/FOC-10-23001	666,442
Prosecuting Attorney	93.563	CS/PA-10-23002	82,123
Child Abuse & Neglect - Title IV-E Funding	93.658	PROFC-09-23001	19,687
Passed-through Michigan State Court Administrative Office Access and Visitation Programs	93.597	n/a	1,765
Passed-through Mid-South Substance Abuse Commission			
Outpatient / Intensive Outpatient	93.959	n/a	159,878
Women's Services	93.959	n/a	<u>24,177</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>2,165,095</u>
<b>U.S. Department of Homeland Security</b>			
Passed-through Michigan State Police Emergency Management Division - Emergency Management Preparedness Grant	97.042	n/a	39,604
Passed-through City of Lansing - Homeland Security Grant Program	97.067	n/a	<u>148,888</u>
<b>Total U.S. Department of Homeland Security</b>			<u>188,492</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 4,515,976</u></u>

See accompanying notes to the schedule of expenditures of federal awards

# EATON COUNTY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eaton County, Michigan (the "County") under programs of the federal government for the year ended September 30, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

### 2. BASIS OF ACCOUNTING

Schedule expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### 3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards amounting to \$97,211 to subrecipients under the State Homeland Security Grant Programs (CFDA #97.067) and \$321,792 under the Public Safety Interoperable Communications Grant (CFDA#11.555)

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**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***

February 22, 2012

To the Board of Commissioners  
of Eaton County  
Charlotte, 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 **EATON COUNTY, MICHIGAN**, as of and for the year ended September 30, 2011, and have issued our report thereon dated February 22, 2012. Our report includes a reference to 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. The financial statements of the Eaton County Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 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 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. 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 the 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 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*.

In addition, we noted a certain other matter that we reported to management of the County in a separate letter dated February 22, 2012.

This report is intended solely for the information and use of the governing board, management, others within the organization, 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.

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

**INDEPENDENT AUDITOR'S 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**

February 22, 2012

To the Board of Commissioners  
of Eaton County  
Charlotte, Michigan

**Compliance**

We have audited the compliance of *Eaton County* (the "County") 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 its major federal programs for the year ended September 30, 2011. The County's major federal programs are identified in the summary of auditor's 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.

The County's basic financial statements include the operations of the Eaton County Road Commission, a component unit, which expended \$812,382 in federal awards, which is not included in the County's schedule of federal awards for the year ended September 30, 2011. Our audit, described below, did not include the operations of the Eaton County Road Commission because an audit in accordance with OMB Circular A-133 for those activities was performed separately and a separate report was issued.

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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Eaton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

### **Internal Control Over Compliance**

Management of the 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 the County's internal control over compliance with the 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 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.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

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

**EATON COUNTY, MICHIGAN**

**Schedule of Findings and Questioned Costs**

**For the Year Ended September 30, 2011**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

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 auditors' 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

# EATON COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2011

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### SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants and Children
11.555	Public Safety Interoperable Communications
81.128	Energy Efficiency Block Grant
93.069	Public Health Emergency Preparedness
93.268 & 93.712	Immunization Cluster
93.563	Child Support Enforcement

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

### SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

**2010-1    Insufficient Documentation of Payroll Expenses – Material Noncompliance;  
Material Weakness in Internal Control over Compliance – Allowable Costs/Cost  
Principles**

CFDA 93.268 & 93.712 - Immunization Cluster  
CFDA 93.069 - Public Health Emergency Preparedness

Finding has been sufficiently resolved

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