

**EATON COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended September 30, 2009

**EATON COUNTY, MICHIGAN
SINGLE AUDIT**

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EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Michigan Department of Education Non-cash assistance (commodities) - National School Lunch - entitlementen	10.555	230008001	\$ 979
Cash assistance: School Breakfast Program	10.553	230008001	16,753
National School Lunch Program	10.555	230008001	24,559
Special Snack Program	10.555	230008001	2,853
Passed-through Michigan Department of Community Health Women, Infants and Childrer	10.557		<u>433,256</u>
Total U.S. Department of Agriculture			<u>478,400</u>
U.S. Department of Housing and Urban Development			
Passed-through the Michigan State Housing Development Authority Community Development Block Gran	14.228		<u>231,699</u>
U.S. Department of Justice			
Direct Programs: Organized Crime Drug Enforcement Task Justice Assistance - ARRA State Criminal Alien Assistance Program	16.xxx 16.804 16.606	2009APBX0603	4,280 63,640 7,253
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 - Drug Court - Priority	16.738	2009DJBX0048	77,573
Passed-through Michigan State Office of Drug Control Policy and City of Lansing - Byrne JAG Grant - Meth in Michigan	16.738		115
Passed-through City of Lansing - COPS Interoperable Communications	16.710		<u>19,480</u>
Total U.S. Department of Justice			<u>227,695</u>
U.S. Department of Transportation Highway Safety Funds			
Passed -through Michigan State Police: Safe Communities Grant (OHSP) Occupant Protection	20.600 20.602	PT-09-03 PT-09-03	14,324 4,000
Total U.S. Department of Transportation Highway Safety Funds			<u>18,324</u>
U.S. Environmental Protection Agency			
Direct Program- Brownfield Assessment and Clean-up	66.818	BF96597001	60,451
Passed-through Michigan Department of Environmental Quality- Operator Certification	66.471	n/a	<u>4,925</u>
Total U.S. Environmental Protection Agency			<u>65,376</u> continued...

EATON COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (concluded)
For the Year Ended September 30, 2009

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed-through Michigan Department of Community Health			
Family Planning Project	93.217		\$ 70,406
Youth Suicide Prevention	93.243		5,000
Immunization Grants:			
Immunization & Vaccine Program	93.268		63,717
Vaccines for Children - Training	93.268		5,400
Vaccines	93.268		356,178
Bioterrorism - Supplemental- Focus A	93.283		180,235
Chronic Disease Stroke	93.283		3,000
Cancer-FP Preventor	93.283		1,080
H1N1 Pandemic Flu	93.069		17,133
Medical Assistance Program:			
Case Management	93.778		18,749
Children's Special Care Coordination	93.778		33,224
Medicaid Outreach	93.778		43,539
Breast & Cervical Cancer Control Program	93.283		42,639
Maternal & Child Health Services Block Grant			
Local MCH	93.994		69,645
Case Management	93.994		21,402
Promoting Safe and Stable Families:			
Temporary Assistance for Needy Families	93.556	SFSC 09-23002	26,106
ADC Maintenance Assistance	93.560	n/a	153,577
Child Support Enforcement			
Friend of the Court	93.563	CS/FOC-09-23001	834,459
Prosecuting Attorney	93.563	CS/PA-09-23002	60,282
Child Abuse & Neglect - Title IV-E Fundin	93.058	PROFC-09-23001	10,606
Passed-through Michigan State Court Administrative Office			
Access and Visitation Program	93.597	n/a	2,230
Passed-through Mid-South Substance Abuse Commission			
Outpatient / Intensive Outpatient	93.959		155,138
Women's Service:	93.959		24,100
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Total U.S. Department of Health and Human Services			2,197,845
U.S. Department of Homeland Security			
Direct Program -			
FEMA Public Assistance Grant	97.036	n/a	3,526
Passed-through Michigan State Police			
Emergency Management Division			
Emergency Management Preparedness Grant	97.042	n/a	37,660
Passed through City of Lansing			
State Homeland Security Grant Program:	97.074		46,780
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Total U.S. Department of Homeland Security			87,966
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TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,307,305

EATON COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Eaton County, Michigan (the "County") and is presented on the 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 Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards amounting to \$1,725 to subrecipients under the State Homeland Security Grant Programs (CFDA #97.074)

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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***

March 4, 2010

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, 2009, and have issued our report thereon dated March 4, 2010. We did not audit the financial statements of the Eaton County Road Commission, which represents 37% of the assets and 43% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinions, insofar as they relate to the amounts included for the Eaton County Road Commission, 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 identified 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*.

We noted certain matters that we reported to management of the County, in a separate letter dated March 4, 2010.

This report is intended solely for the information and use of the audit committee, 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, reading "Lehmann Lohman". The signature is written in a cursive style with a large initial 'L'.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

March 4, 2010

To the Board of Commissioners
of Eaton County
Charlotte, Michigan

Compliance

We have audited the compliance of **EATON 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 are applicable to its major federal program for the year ended September 30, 2009. The County's major federal program is 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 its major federal program 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 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 major federal programs 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 September 30, 2009.

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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eaton County as of and for the year ended September 30, 2009, and have issued our report thereon dated March 4, 2010. 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 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.

We did not audit the financial statements of the Eaton County Road Commission, which represents 37% of the assets and 43% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Eaton County Road Commission, is based solely on the report of the other auditors.

This report is intended solely for the information and use of the audit committee, 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, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2009

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
not considered to be material weaknesses?

_____ 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
not considered to be material weaknesses?

_____ 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 (Continued)

For the Year Ended September 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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? X yes 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

Finding 2008-1 **Procurement, Suspension and Debarment**
Program: **CFDA# 97.067 – 2006 State Homeland Security Grant**

Steps were taken to correct the prior year finding. The County is now going to the EPLS website when purchase orders are prepared and the printout from the website is attached to the supporting documentation. The Controller's Office is tracking all purchases closely to ensure that the County's procurement policies are being followed properly.

EATON COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2009

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS (Concluded)

**Finding 2008-2 Equipment and Real Property Management
Program: CFDA #97.067 – 2006 State Homeland Security Grant**

Steps were taken to correct the prior year finding. The County now maintains a spreadsheet to track equipment purchased with federal grants and documents physical inventory observation dates and performing personnel.

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