

# **Genesee County, Michigan**

---

**Federal Awards  
Supplemental Information  
September 30, 2014**

# Genesee County, Michigan

---

## Contents

### Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	I
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>	2-3
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	4-6
Schedule of Expenditures of Federal Awards	7-13
Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
Schedule of Findings and Questioned Costs	16-23
Summary Schedule of Prior Audit Findings	24

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

## Independent Auditor's Report

To the County Commission  
Genesee County, 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 Genesee County, Michigan (the "County") as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 18, 2015, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 18, 2015. We did not audit the financial statements of Genesee County Planning Commission, a nonmajor governmental fund of the County which represents less than 1 percent and 1.2 percent of the assets and revenues, respectively, of the aggregate remaining fund information. We also did not audit the financial statements of Genesee County Road Commission, a discretely presented component unit of the County, which represents 30.5 percent and 17 percent, respectively, of the assets and revenues of the component units. We also did not audit the financial statements of the Economic Development Corporation, a discretely presented component unit of the County, which represents less than 1 percent of both the assets and revenues of the component units. We also did not audit the financial statements of Genesee Health Systems Authority, a discretely presented component unit of the County, which represents 8.2 percent and 53.8 percent of the assets and revenue, respectively, of the component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Genesee County Planning Commission, Genesee County Road Commission, the Economic Development Corporation, and Genesee Health Systems Authority, is based on the report of the other auditors.

The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards is presented for the purpose 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 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 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.

A handwritten signature in cursive script that reads "Plante & Moran, PLLC".

June 19, 2015

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*

Independent Auditor's Report

To Management and the County Commission  
Genesee County, Michigan

We have audited, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Genesee County, Michigan as of and for the year ended September 30, 2014, 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 18, 2015. Our report includes a reference to other auditors who audited the financial statements of Genesee County Planning Commission, Genesee County Road Commission, the Economic Development Corporation of the County of Genesee, and Genesee Health Systems Authority, as described in our report on the Genesee County, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Economic Development Corporation of the County of Genesee, Genesee County Drain Commissioner Division of Water and Waste Services, and the Genesee County Storm Water Management System were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Genesee County, Michigan'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

To Management and the County Commission  
Genesee County, Michigan

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2014-001 and 2014-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2014-003 and 2014-004 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Genesee County, Michigan'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Genesee County, Michigan's Responses to Findings**

Genesee County, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Genesee County, Michigan's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 County'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.

*Plante & Moran, PLLC*

June 19, 2015

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance

Independent Auditor's Report

To the County Commission  
Genesee County, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited Genesee County, Michigan'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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. Genesee County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Genesee County, Michigan's basic financial statements include the operations of the component units of Genesee County Road Commission, Genesee County Land Bank, Genesee Health System, and the Departments of Community Mental Health and Genesee County Planning Commission, which received \$5,700,893, \$10,907,398, \$113,967,526, \$2,521,798, and \$652,923, respectively, in federal awards, which are not included in the schedule during the year ended September 30, 2014. Our audit, described below, did not include the operations of the component units Genesee County Road Commission, Genesee County Land Bank, Genesee Health Systems Authority, and the Department of Genesee County Planning Commission because the component units and department engaged other auditors to perform an audit in accordance with OMB Circular A-133.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Genesee County, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above.

To the County Commission  
Genesee County, Michigan

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 Genesee County, Michigan'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 Genesee County, Michigan's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Genesee 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 September 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

Genesee County, Michigan's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned cost. Genesee County, Michigan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of Genesee County, Michigan 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 Genesee County, Michigan'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.

To the County Commission  
Genesee County, Michigan

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2014-005 and 2014-006 to be material weaknesses.

Genesee County, Michigan's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Genesee County, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

*Plante & Morse, PLLC*

June 19, 2015



# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Agriculture:</b>			
Child Nutrition Cluster:			
Passed through the Michigan Department of Agriculture - National School Lunch Program	10.555	N/A	\$ 85,137
Passed through the Michigan Department of Education - Summer Food Service Program for Children	10.559	25SF010000	51,866
Total Child Nutrition Cluster			137,003
SNAP Cluster - Passed through the Michigan Strategic Fund, WDA:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY-14 2MI420122	247,232
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY-14 2MI400100	4,227
Total SNAP Cluster			251,459
Food Distribution Cluster - Passed through the Michigan Department of Education:			
Commodity Supplemental Food Program (Admin)	10.565	25000-1010	372,149
Commodity Supplemental Food Program (Admin)	10.565	N/A	1,423,151
			1,795,300
Emergency Food Assistance Program (Administrative Costs)	10.568	25000-1010-C	114,756
Emergency Food Assistance Program (Food Commodities)	10.569	25000-1010-C	597,470
Total Food Distribution Cluster			2,507,526
Passed through the Michigan Department of Education - Child and Adult Care Food Program	10.558	N/A	357,862
Passed through the Michigan Department of Community Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IWI00342	24,235
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	W500342	39,207
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IWI00342	1,565,023
			1,628,465
<b>Total Department of Agriculture</b>			<b>4,882,315</b>

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Housing and Urban Development:</b>			
CDBG Entitlement Grants Cluster:			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B-08-UC-26-0001	\$ 277,567
Community Development Block Grants/Entitlement Grants	14.218	B-11-UC-26-0001	9,469
Community Development Block Grants/Entitlement Grants	14.218	B-11-UN-26-0001	608,209
Community Development Block Grants/Entitlement Grants	14.218	B-12-UN-26-0001	761,645
Community Development Block Grants/Entitlement Grants	14.218	B-13-UN-26-0001	749,693
Community Development Block Grants/Entitlement Grants	14.218	B-14-UN-26-0001	140,261
Passed through City of Flint - Community Development Block Grants/Entitlement Grants	14.218	N/A	126,942
Total CDBG Entitlement Grants Cluster			2,673,786
Direct Programs:			
Home Investment Partnerships Program	14.239	M-11-UC-26-0205	324,584
Home Investment Partnerships Program	14.239	M-12-UC-26-0206	806,619
Home Investment Partnerships Program	14.239	M-13-UC-26-0207	185,530
Home Investment Partnerships Program	14.239	M-14-UC-26-0207	151,157
			1,467,890
Homeless Emergency Solutions Grant Program	14.231	E-13-UC-26-0001	70,140
Homeless Emergency Solutions Grant Program	14.231	E-14-UC-26-0001	4,362
Passed through City of Flint - Emergency Solutions Grant Program	14.231	N/A	29,277
Passed through Genesee County Planning - Emergency Solutions Grant Program	14.231	N/A	8,627
			112,406
Passed through Metro Housing Partnership:			
Supportive Housing Program	14.235	MI28B305004R	12,230
Supportive Housing Program	14.235	N/A	61,493
Supportive Housing Program	14.235	M10148B5F050801	33,495
Supportive Housing Program	14.235	N/A	72,885
			180,103
Total Department of Housing and Urban Development			4,434,185

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Labor:</b>			
Employment Services Cluster - Passed through the Michigan Strategic Fund, WDA:			
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-13	\$ 581,884
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-14	193,727
Total Employment Services Cluster			775,611
<b>WIA Cluster:</b>			
Passed through the Michigan Strategic Fund:			
WIA Adult Program	17.258	AY-11	9,860
WIA Adult Program	17.258	AY-12	18,668
ARRA - WIA Adult Program	17.258	AY-12	57,862
WIA Adult Program	17.258	AY-13	11,337
WIA Adult Program	17.258	AY-13	1,534,522
WIA Adult Program	17.258	AY-13	286,243
			1,918,492
WIA Dislocated Worker Formula Grants	17.278	AY-11	88,738
WIA Dislocated Worker Formula Grants	17.278	AY012	293,881
WIA Dislocated Worker Formula Grants	17.278	AY-13	625,064
			1,007,683
Passed through the Michigan Strategic Fund, WDA:			
WIA Youth Activities	17.259	AY-13	922,882
WIA Youth Activities	17.259	AY-14	222,814
			1,145,696
Total WIA Cluster			4,071,871
Passed through the Michigan Strategic Fund - WIA National Emergency Grants	17.277	AY-13	2,335
Passed through the Michigan Strategic Fund:			
Trade Adjustment Assistance	17.245	FY-14	690,910
Trade Adjustment Assistance	17.245	FY-14	56,754
			747,664
Passed through the Michigan Strategic Fund - Unemployment Insurance	17.225	AY-12	285
<b>Total Department of Labor</b>			<b>5,597,766</b>

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Health and Human Services:</b>			
TANF Cluster - Passed through the Michigan Strategic Fund, WDA - Temporary Assistance for Needy Families	93.558	FY-14	\$ 6,751,422
Immunization Cluster - Passed through the Michigan Department of Community Health Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - Financed in Part by the Prevention and Public Health Fund (PPHF-2012)	93.733	1H231P0071101	50,000
Aging Cluster - Passed through the Valley Agency on Aging: Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	1,163,075
Nutrition Services Incentive Program	93.053	N/A	452,173
Total Aging Cluster			1,615,248
Medicaid Cluster - Passed through the Michigan Department of Community Health:			
Medical Assistance Program	93.778	05U05M15ADM	113,000
Medical Assistance Program	93.778	N/A	193,687
Medical Assistance Program	93.778	05U05M15ADM	35,531
Medical Assistance Program	93.778	05U05M15ADM	14,250
Medical Assistance Program	93.778	05U05M15ADM	150
Medical Assistance Program	93.778	05U05M15ADM	59,860
Medical Assistance Program	93.778	051205M15MAP	2,940
Total Medicaid Cluster			419,418
Passed through the Michigan Department of Human Services:			
Community Services Block Grant	93.569	CSBG-10-25012	1,087,637
Community Services Block Grant	93.569	CSBG-T-06-25012	41,828
			1,129,465
Passed through the Michigan Department of Community Health:			
Immunization Cooperative Agreements	93.268	H23 CCH522556	184,242
Immunization Cooperative Agreements	93.268		764,031
Immunization Cooperative Agreements	93.268	3H231P007110181	30,000
Immunization Cooperative Agreements	93.268	H23 CCH522556	12,050
			990,323
Direct Programs:			
Head Start	93.600	N/A	71,729
Head Start	93.600	N/A	14,413
Head Start	93.600	N/A	31,166
Head Start	93.600	N/A	8,081
Head Start	93.600	N/A	1,054,023
Head Start	93.600	N/A	2,379,084
Head Start	93.600	N/A	3,229,622
Head Start	93.600	N/A	1,365,728
			8,153,846

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Health and Human Services (Continued):</b>			
Direct Programs (Continued):			
Healthy Start Initiative	93.926	H49MC00148-13-02	\$ 367,045
Healthy Start Initiative	93.926	H49MC00148-13-03	147,377
			514,422
Passed through the Michigan Department of Community Health:			
Tobacco Regulation Awareness, Communication, and Education Program	93.058	HHSF22320110085C	15,279
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52 CCU500499	11,960
Public Health Emergency Preparedness	93.069	U90TP000528	119,820
Public Health Emergency Preparedness	93.069	U90TP000528	44,410
			164,230
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	U58DP001439	12,916
Family Planning Services	93.217	GFPHPA05017341	206,571
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	D89MC23151	45,186
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	D89MC23151	255,000
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	IX02MC231100100	24,313
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	D89MC26358	2,245
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	N/A	159,704
ARRA - Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	05SE0808/01	124,627
			611,075
Child Support Enforcement	93.563	CS/PA-13-25002	1,280,401
Child Support Enforcement	93.563	CS/FOC-13-25001	4,582,137
Child Support Enforcement	93.563	N/A	689,318
			6,551,856
Cooperative Agreements for State-based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	IU58BP003921	1,078
Cooperative Agreements for State-based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	IU58BP003921	54,981
			56,059
Preventive Health Services, Sexually Transmitted Disease Control Grants	93.977	IH25PS001338	14,250
Preventive Health Services, Sexually Transmitted Disease Control Grants	93.977	IH25PS0043333-01	42,750
			57,000
Cooperative Agreements for State-based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.752	IU58BP003921	13,800
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	317,453
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	83,645
			401,098
HIV Prevention Activities - Health Department-based	93.940	U62PS003671	61,120
Passed through Michigan Department of Human Services:			
Low-income Home Energy Assistance	93.568	N/A	39,400
Low-income Home Energy Assistance	93.568	N/A	10,036
			49,436
Trauma Informed Screening Assessment and Treatment	93.652	7847-2013-GCCC	3,217
Foster Care Title IV-E	93.658	PROFC-11-25001	120,258
Passed through Michigan Strategic Fund, WDA:			
Chafee Foster Care Independence Program	93.674	FY-13	190
Chafee Foster Care Independence Program	93.674	FY-14	24,167
			24,357
<b>Total Department of Health and Human Services</b>			<b>27,984,376</b>

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Department of Transportation:</b>			
Highway Planning and Construction Cluster - Passed through the Michigan Department of Transportation:			
Highway Planning and Construction	20.205	122154	\$ 396,553
Highway Planning and Construction	20.205	116943	58,312
Highway Planning and Construction	20.205	122129	<u>198,058</u>
<b>Total Department of Transportation</b>			<u>652,923</u>
<b>Department of Homeland Security:</b>			
Passed through Michigan State Police:			
Emergency Management Performance Grant	97.042	FY2012	8,230
Emergency Management Performance Grant	97.042	FY2013	<u>36,719</u>
<b>Total Department of Homeland Security</b>			<u>44,949</u>
<b>Department of Justice:</b>			
Justice Assistance Grant Program Cluster:			
Direct Programs - Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	323,925
Passed through Flint Township:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	FYE 2012	1,290
Edward Byrne Memorial Justice Assistance Grant Program	16.738	FYE 2011	<u>10,035</u>
			11,325
Passed through the State of Michigan-MSP:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	72432-1-13-B	200,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	FYE 2013	<u>62,887</u>
			262,887
Passed through the State of Michigan - Recover Act-Edward Byrne Memorial Assistance Grant (JAG) Program/Grants to States and Territories	16.803	N/A	<u>125,284</u>
<b>Total Justice Assistance Grant Program Cluster</b>			<u>723,421</u>
Passed through the Office of Community Oriented Policing Services - Public Safety Partnership and Community Policing Grants-COPS-Tech Advance	16.710	N/A	1,590
Passed through the Michigan Department of Community Health - Crime Victim Assistance	16.575	20545-6V01	49,783
Passed through the Michigan Department of Human Services:			
Juvenile Accountability Block Grant	16.523	JAIBG-13-25001	26,578
Juvenile Accountability Block Grant	16.523	JAIBG-13-25001	<u>34,472</u>
			<u>61,050</u>
<b>Total Department of Justice</b>			<u>110,833</u>
			<u>835,844</u>

# Genesee County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/ Grant Number	Federal Expenditures (Adjustments)
<b>Federal Emergency Management Agency -</b>			
Passed through the United Way of Genesee County - Emergency Management Performance Grant	97.024	N/A	\$ 19,000
<b>Department of Energy:</b>			
Passed through the Michigan Department of Human Services:			
Weatherization Assistance for Low-income Persons	81.042	DOE-09-25012	205,417
Weatherization Assistance for Low-income Persons	81.042	DOE-09-25012	459,808
<b>Total Department of Energy</b>			665,225
<b>Environmental Protection Agency -</b>			
Passed through the Michigan Department of Environmental Quality - Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS97548771	7,891
<b>Total Federal Financial Assistance</b>			<b>\$ 45,124,474</b>

## **Genesee County, Michigan**

---

### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended September 30, 2014**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 40,651,335
Less deferred revenue at September 30, 2013	(879,966)
Add deferred revenue at September 30, 2014	4,771,912
Add change in inventory	314,115
Add program income reported as other income on the financial statements	<u>267,078</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 45,124,474</u></u>



# Genesee County, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2014

### Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Genesee County, Michigan under programs of the federal government for the year ended September 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Genesee County, Michigan, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Genesee County, Michigan. Pass-through entity identifying numbers are presented where available.

### Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
WIA Cluster	17.258, 17.259	\$ 4,071,871
Employment Services Cluster	17.207	775,611
Trade Adjustment Assistance	17.245	747,664
TANF Cluster	93.558	6,751,422
Head Start	93.600	1,365,728
Total		<u>\$ 13,712,296</u>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs Year Ended September 30, 2014

### 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 ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ Yes ☐ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnership
93.563	Child Support Enforcement
93.600	Head Start
10.565, 10.568, 10.569	Food Distribution Cluster
17.258, 17.259, 17.278	ARRA - WIA Cluster
93.045, 93.053	Aging Cluster
93.558	TANF Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,353,734

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2014-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Management should have a process in place to reconcile ending general ledger balances to supporting documentation and record all year-end closing entries in accordance with generally accepted accounting principles prior to the start of the audit.</p> <p><b>Condition</b> - Adjusting journal entries were proposed in order to prepare the County's financial statements in accordance with GAAP. These entries related to adjusting revenue, receivable, and deferred inflows related to grant revenue, net pension obligation, net position/fund balance, accounts payable, and expense.</p> <p><b>Context</b> - Overall, the County does a nice job of getting the books and records adjusted for year-end entries. The majority of these entries that were identified as part of the audit are the same entries that are identified each year. All of these entries relate to adjustments that are made once per year during the year-end closing process. These adjustments do not affect the integrity of the day-to-day internal financial statements.</p> <p><b>Cause</b> - The County did not identify the above-described journal entries prior to the start of the audit.</p> <p><b>Effect</b> - Auditor-proposed journal entries were recorded, except for the entries related to adjusting revenue, receivable, and deferred inflows, net position/fund balance, accounts payable, and expense identified above, which were determined by management to be insignificant to the financial statements. The amounts were not material.</p> <p><b>Recommendation</b> - The County should implement procedures to ensure that all appropriate journal entries are made for these type of entries and independently reviewed prior to the start of the audit.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County's intent is to present the auditors with the County's financial statements including all necessary adjustments prior to commencement of the annual audit. Accordingly, the County will make every effort to ensure that all appropriate year-end closing journal entries are reviewed and recorded prior to the start of the audit for the fiscal year ending September 30, 2015.</p>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - There should be a procedure in place to track changes to the payroll system to ensure accurate accounting data is recorded in the general ledger.</p> <p><b>Condition</b> - The County's modifiable payroll system does not have the ability to track changes made to the system.</p> <p><b>Context</b> - A modifiable systems report that shows all changes to the payroll system, from initiation to authorization, was not available during the audit.</p> <p><b>Cause</b> - System limitations and availability of resources prevented this report from being run and reviewed to ensure all changes were authorized and appropriate.</p> <p><b>Effect</b> - The lack of controls over who is able to make changes to the system will increase the risk and likelihood that unauthorized changes have been made to the system, which could lead to misstatement of accounts and misappropriation of County assets.</p> <p><b>Recommendation</b> - We suggest processes be put in place over the payroll system to track changes and would identify unauthorized changes to the system.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - There were staffing constraints, and the approval process for changes was streamlined when positions were eliminated due to budget restraints. At one time, there was one systems analyst and two programmers working on payroll. Currently, payroll staff is down to one analyst, who is shared with two other departments, and a part-time retiree. Notwithstanding the system limitations and availability of resources as noted, the functions of making payroll changes and preparing payroll are segregated and changes made by the HR department are noted in the employee's personnel file. The County will be converting to a new financial management system in 2015, which will allow for the tracking of payroll changes.</p>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-003	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - There should be a procedure in place to reconcile bank activity on a timely basis and ensure cash balances are properly stated as of the end of the year.</p> <p><b>Condition</b> - The County did not prepare a timely bank reconciliation for the September 2014 bank reconciliation. Also, the bank reconciliation that was originally received by the auditors as final was not fully reconciled, and adjustments were made after the fact to properly adjust the bank reconciliation.</p> <p><b>Context</b> - During the year, the County experienced a staffing change related to the person responsible for preparing the pooled cash bank reconciliations. It was an unexpected change and the new person responsible had to jump right in and prepare the September 2014 bank reconciliation. As a result, corrections were still being made to the September bank reconciliation as of February 2014 to ensure cash balances were at correct amounts and that revenue and expenses were properly recorded. Once the bank reconciliation was given to the auditors, there were still substantial changes that needed to be made to the reconciliation, including material adjustments. Without these corrections, the financial statements would have misstated.</p> <p><b>Cause</b> - The bank reconciliation process for the September 2014 bank reconciliation was not timely and there were no clear procedures set to ensure reconciliations were prepared accurately.</p> <p><b>Effect</b> - Timely bank reconciliation preparation and review did not occur to ensure cash balances were properly stated and revenue and expense were properly recorded as of year end.</p> <p><b>Recommendation</b> - We recommend, going forward, the County prepare bank reconciliations on a timely basis and review reconciling items included on the bank reconciliation to ensure that they are truly reconciling items at year end.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County has reassigned bank reconciliation duties to ensure that bank reconciliations are done timely and correctly, and that any required adjustments are made promptly.</p>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-004	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Expenses incurred should be properly approved and authorized for payment.</p> <p><b>Condition</b> - It was noted during testing that some timesheets were not properly approved for hours worked by the employee.</p> <p><b>Context</b> - It was noted during our audit that approximately 20 percent of the timesheets that we selected for testing lacked a signature by the employee's supervisor to document that they were properly approved. After payroll has been processed, supervisors/department heads review the payroll output reports for any errors. This control monitors that the payroll each pay period is consistent and reasonable but does not help to mitigate the potential for unapproved time from being entered into the system.</p> <p><b>Cause</b> - Supervisors/department heads did not provide a signature to document approval for employee timesheets for some pay periods during the year.</p> <p><b>Effect</b> - Unapproved payroll could be paid to employees. This could lead to a misstatement and misappropriation of funds.</p> <p><b>Recommendation</b> - We recommend the County strengthen controls by having the department heads initial all timesheets to document approval of the hours worked before payroll is processed.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County will reinforce the need for department heads to approve all timesheets before payroll is processed. Furthermore, the new time and attendance system will be fully implemented in 2015 to mitigate the risk of erroneous payments.</p>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section III - Federal Program Audit Findings

Reference Number	Finding
2014-005	<p><b>Program Name</b> - Adult Care Food Program (CFDA 10.558), Food Distribution Cluster (CFDA 10.565), Child Support Enforcement (CFDA 93.563), and Aging Cluster (CFDA 93.045)</p> <p><b>Pass-through Entity</b> - Michigan Department of Education, Michigan Department of Community Mental Health, Michigan Valley Area Agency on Aging</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - OMB Circular A-133 requires organizations to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA)</p> <p><b>Condition</b> - The SEFA required adjustments related to expenditures and other transactions that occurred at year end, resulting in revisions to correct the SEFA. The expenditures presented on the SEFA for Adult Care Food Program (CFDA 10.558), Food Distribution Cluster (CFDA 10.565), Child Support Enforcement (CFDA 93.563), and Aging Cluster (CFDA 93.044, 93.045, 93.053) were adjusted by \$3,767,335. The adjustment was made as a result of expenditures that were identified during year-end reconciliations that should not have been included on the SEFA.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The adjustments that have been made to the expenditures reported on the schedule of expenditures of federal awards required updating of grant amounts used for major program determination. The changes to the schedule of expenditures of federal awards did not impact major program determination.</p> <p><b>Cause and Effect</b> - Internal control procedures relative to the identification of federal expenditures to be reported on the SEFA did not operate effectively. This resulted in the County's schedule of expenditures of federal awards provided to the auditors being inaccurate on a program and total expenditure basis.</p> <p><b>Recommendation</b> - Internal control procedures should be initiated and enforced to ensure the proper expenditures are reported in the schedule of expenditures of federal awards.</p>

# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-005 (Cont.)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - Additional training will be provided to new accountants and the County will prepare, on an annual basis, a reconciliation of SEFA expenditures to financial statement supporting schedules to ensure the accuracy of the data.

Reference Number	Finding
2014-006	<p><b>Program Name</b> - Child Support Enforcement (CFDA 93.563)</p> <p><b>Pass-through Entity</b> - Michigan Department of Community Mental Health</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Criteria</b> - Under Section 45 CFR Section 92.41, the County is required to correctly report the amount of expenditures that it incurs during the year on the applicable reports and drawdown requests.</p> <p><b>Condition</b> - We noted during testing that a monthly report and reimbursement request did not include all applicable expenses of the time period. The extrapolated questioned costs were below \$10,000.</p> <p><b>Questioned Costs</b> - \$872</p> <p><b>Context</b> - It was noted during our audit that some reports were filed without including the full amount of reimbursable expenses. After the reports have been prepared, the program director reviews the reports but does not review them in detail.</p> <p><b>Cause and Effect</b> - Staffing constraints and the manual process contribute to the difficulty in preparing accurate reports. Without detailed review of the amounts reported for accuracy, the grant could be undercharged or overcharged.</p> <p><b>Recommendation</b> - We recommend that a detailed second review be performed of reimbursement requests to ensure that all allowable expenditures in both the general ledger and on supporting documentation have been included in the request for reimbursement to ensure accuracy.</p>



# Genesee County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2014

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-006 (Cont.)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - The controller's office will obtain a copy of the monthly financial report prepared by Friend of the Court and the controller's office will balance it to the general ledger to provide accurate reporting.

# Genesee County, Michigan

## Summary Schedule of Prior Audit Findings Year Ended September 30, 2014

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2013-005	Child Support Enforcement Grant	There were expenditures identified as being paid with grant funding that were less on the supporting documentation than the amount requested for reimbursement from the granting agency.	Repeat finding (2014-006)	The County will perform a monthly reconciliation of the general ledger detail to the reports filed by Friend of the Court to verify that expenditures requested for reimbursement agree to the amount of expenditures per the general ledger.
2013-006	Head Start (CFDA 93.600), Low Income Home Energy Assistance (CFDA 93.568), Supportive Housings (CFDA 14.235), Emergency Solutions Grant (CFDA 14.231), and Child and Adult Care Food (CFDA 10.558)	The SEFA initially prepared by the County was not accurate, as some federal program expenditures were missing and other program expenditures were included at the incorrect amount.	Repeat finding (2014-005)	The County reconciled the SEFA expenditures to the comprehensive annual financial report. The error occurred in the transfer of data to the SEFA report. The accountants will work together more closely to provide accurate reporting.
2013-007	Child Support Enforcement 93.563	During testing of the monthly Title IV-D expenditure reports, we identified that the reports included indirect costs that did not agree to the approved indirect cost plan or the general ledger detail. Reimbursement was being requested for expenses that were not appropriately reflected on the general ledger.	The issue was resolved in the current year	N/A