

# **Genesee County**

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**Federal Awards  
Supplemental Information  
September 30, 2011**

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## Independent Auditor's Report

To the Board of Commissioners  
Genesee County

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 the Genesee County as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 30, 2012. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Genesee County Community Mental Health Services, a fund of the County which represent 24 percent and 42 percent, respectively of the assets, and revenues of the governmental funds. We also did not audit the financial statements of the Genesee County Planning Commission, a fund of the County and which represents less than one percent of both the assets and revenues of the governmental funds. We also did not audit the financial statements of the Genesee County Road Commission, a discretely presented component unit of the County and which represent 34 percent and 28 percent, respectively, of the assets and revenues 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 the Genesee County Community Mental Health Services, the Genesee County Planning Commission, and the Genesee County Road Commission, is based 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. The financial statements of the Economic Development Corporation of the County of Genesee, and the Genesee County Storm Water Management System were not audited in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

To the Board of Commissioners  
Genesee County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Genesee County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule 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.

*Plante & Moran, PLLC*

March 30, 2012

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 the the Board of Commissioners  
Genesee County

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 the Genesee County as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 30, 2012. Our report was modified to include reference to other auditors. We have 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. Other auditors audited the financial statements of the Genesee County Community Mental Health Services, Genesee County Planning Commission, and the Genesee County Road Commission, as described in our report on the Genesee County'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, 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, we considered the Genesee 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be a significant deficiency.

To the the Board of Commissioners  
Genesee County

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. (11-01)

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 to be significant deficiencies. (11-02 through 11-05)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Genesee 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 also noted certain matters that we have reported to management of the Genesee County in a separate letter dated March 30, 2012.

The Genesee County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Genesee County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the the Board of Commissioners, 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.

*Plante & Moran, PLLC*

March 30, 2012

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

Independent Auditor's Report

To the the Board of Commissioners  
Genesee County

**Compliance**

We have audited the compliance of the Genesee County 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, 2011. The major federal programs of the Genesee County 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 Genesee County's management. Our responsibility is to express an opinion on the Genesee County's compliance based on our audit.

Genesee County's basic financial statements include the operations of the component units of Genesee County Road Commission, Genesee County Lank Bank and departments of Community Mental Health and Genesee County Planning Commission, which received \$404,095, \$5,649,637, \$4,702,301, and \$1,166,824, respectively, in federal awards which is not included in the schedule during the year ended September 30, 2011. Our audit, described below, did not include the operations of the Genesee County Road Commission, Genesee County Lank Bank, Community Mental Health, or the Genesee County Planning Commission because the component units and departments engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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 Genesee 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 Genesee County's compliance with those requirements.

To the the Board of Commissioners  
Genesee County

In our opinion, the Genesee County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of each of its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that 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 item 11-06.

### **Internal Control Over Compliance**

The management of the Genesee 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 Genesee 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 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 entity's internal control over compliance.

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 a certain deficiency in internal control over compliance that we consider to be a material weakness (see finding 11-06).

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items to be a material weakness (see finding 11-06).

The Genesee County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Genesee County's response and, accordingly, we express no opinion on the responses.



To the the Board of Commissioners  
Genesee County

This report is intended solely for the information and use of management, the the Board of Commissioners, 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.

*Plante & Moran, PLLC*

June 18, 2012

# Genesee County

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2011

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		\$ 103,232
Passed-through the Michigan Department of Education:			
Summer Food Service Program for Children	10.559	25SF010000	231,379
Total Child Nutrition Cluster			<u>334,611</u>
SNAP Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
State Administrative Matching Grants for Food Stamp Program	10.561	AY-11	<u>93,795</u>
Emergency Food Assistance Cluster:			
Passed-through the Michigan Department of Education:			
Emergency Food Assistance Program (Administrative Costs)	10.568	25000-1010-C	125,092
ARRA - Emergency Food Assistance Program (Commodity)	10.569	25000-1010-C	<u>511,538</u>
Total Emergency Food Assistance Cluster			<u>636,630</u>
Direct Program:			
Child and Adult Care Food Program	10.558		121,822
Child and Adult Care Food Program - Head Start - School lunch program	10.558		246,223
Child and Adult Care Food Program - Head Start - School lunch program	10.558		<u>21,543</u>
			<u>389,588</u>
Passed-through the Michigan Department of Community Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding	10.557	IWI00342	49,754
Special Supplemental Food Program for Women, Infants and Children (Local Agency Development	10.557	IWI00342	<u>1,708,278</u>
			<u>1,758,032</u>
Passed-through the Michigan Department of Education:			
Commodity Supplemental Food Program (Admin)	10.565	25000-1010	<u>953,487</u>
<b>Total Department of Agriculture</b>			<u>4,166,143</u>
<b>Department of Commerce:</b>			
Public Works and Economic Development Cluster:			
Direct Program:			
Economic Development Administration Revolving Loan Program	11.307		<u>1,039,318</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant	Federal Expenditures
<b>Department of Housing and Urban Development:</b>			
CDBG Entitlement Grants Cluster:			
Direct Programs:			
Community Development Block Grant Program	14.218	S-09-UY-26-0001	\$ 63,071
Community Development Block Grant Program	14.218	B-07-UC-26-0001	234,862
Community Development Block Grant Program	14.218	B-08-UC-26-0001	311,749
Community Development Block Grant Program	14.218	B-09-UC-26-0001	761,648
Community Development Block Grant Program	14.218	B-10-UC-26-0001	149,895
Neighborhood Stabilization Program	14.218	B-08-UC-26-0001	2,531,688
Neighborhood Stabilization Program	14.218	B-08-UN-26-0001	338,340
Neighborhood Stabilization Program 3	14.218	B-11-UN-26-0001	932
			<u>4,392,185</u>
ARRA - Community Development Block Grant Program (CDBG-R)	14.253	B-09-UY-26-0001	295,925
			<u>4,688,110</u>
Total CDBG Entitlement Grants Cluster			
Direct Programs:			
Shelter Plus Care	14.238	MI28C105006	32,289
Shelter Plus Care	14.238	MI0154C5F050802	137,928
			<u>170,217</u>
Home Investment Partnerships Program	14.239	M-06-UC-26-0205	76,045
Home Investment Partnerships Program	14.239	M-09-UC-26-0205	637,686
Home Investment Partnerships Program	14.239	M-10-UC-26-0205	425,858
Home Investment Partnerships Program	14.239	M-11-UC-26-0205	303,889
			<u>1,443,478</u>
ARRA - Homelessness Prevention and Rapid Re-Housing	14.257	S-09-UY-26-0001	417,151
Passed-through Metro Housing Partnership:			
Supportive Housing Program - Continuum Care II	14.235		10,597
Supportive Housing Program	14.235	MI28B305002R	23,957
Supportive Housing Program	14.235	MI28B305004R	8,360
Supportive Housing Program	14.235		29,088
Supportive Housing Program	14.235		9,175
Supportive Housing Program	14.235		143,711
Supportive Housing Program	14.235	MI0148B5F050801	39,630
Supportive Housing Program - Samaritan Shelter Plus Care	14.235		45,001
			<u>309,519</u>
Lead Based Paint Hazard Control in Privately-Owned Housing	14.900	MILHB0449-09	525,828
<b>Total Department of Housing and Urban Development</b>			<u>7,554,303</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

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 Department of Labor and Economic Growth:			
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-09	\$ 507,027
ARRA - Employment Service/Wagner-Peyser Funded Activities	17.207	AY-09	30,261
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-10	100,000
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-10	6,094
ARRA - Employment Service/Wagner-Peyser Funded Activities	17.207	AY-10	27,571
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-11	209,934
Employment Service/Wagner-Peyser Funded Activities	17.207		1,074,402
ARRA - Employment Service/Wagner-Peyser Funded Activities	17.207		4,331
<b>Total Employment Services Cluster</b>			<b>1,959,620</b>
WIA Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
WIA Adult Program - Earn & Learn	17.258	AY-10	156,885
WIA Adult Program - Earn & Learn	17.258	AY-08	193,417
WIA Adult Program - Incumbent	17.258	AY-09	132,287
WIA Adult Program - Statewide Activities	17.258	AY-08	215,486
WIA Adult Program - Capacity Building	17.258	AY-08	12,662
WIA Adult Program - Admin	17.258	AY-10	113,900
WIA Adult Program - Admin	17.258	AY-09	687,424
WIA Adult Program	17.258	AY-09	1,627,815
WIA Adult Program	17.258	AY-10	42,839
WIA Adult Program	17.258	AY-11	136,143
WIA Adult Program - Gang Diversion	17.258	AY-10	56,549
ARRA WIA Adult Program - SW	17.258	AY-08	708,505
ARRA WIA Adult Program - SW ECAR	17.258	AY-10	99,424
ARRA WIA Adult Program - Statewide	17.258	AY-08	107,575
WIA Adult Program - SW MI NCRC	17.258	AY-10	10,007
WIA Adult Program - SW Support	17.258	AY-09	430,179
WIA Adult Program - ASW MPAP	17.258		44,788
WIA Adult Program - ECAR	17.258	AY-09	10,654
WIA Adult Program - TANF Employment Services	17.258		129,474
			<b>4,916,013</b>
WIA Youth Activities	17.259	AY-06	162,900
WIA Summer Youth Activities	17.259	AY-06	42,147
WIA Youth Activities	17.259	AY-09	1,814,411
WIA Youth Activities	17.259	AY-10	106,319
			<b>2,125,777</b>
WIA Dislocated Workers - Regional Skills Alliance	17.260	2010	13,519
WIA Dislocated Workers	17.260	AY-09	1,116,178
WIA Dislocated Workers - Rapid Response	17.260	AY-08	117,880
WIA Dislocated Workers - Disability Navigator	17.260	AY-09	74,745
WIA Dislocated Workers	17.260	AY-10	1,383,836
WIA Dislocated Workers - Rapid Response	17.260	AY-10	236,250
ARRA WIA Dislocated Workers - Admin	17.260	AY-09	170,387
ARRA Dislocated Workers	17.260	AY-09	-
WIA Dislocated Workers -Painter Apprentice Program	17.260		285,182
WIA Dislocated Workers -Painter Apprentice Program	17.260		236,752
WIA Dislocated Workers - Re-employment services	17.260		102,702
			<b>3,737,431</b>
<b>Total WIA Cluster</b>			<b>10,779,221</b>
Passed-through the Michigan Department of Labor and Economic Growth:			
Trade Adjustment Assistance	17.245	AY-09	1,055,385
Trade Adjustment Assistance - Road Construction Apprenticeship Readiness Program	17.245	AY-10	44,142
Trade Adjustment Assistance	17.245	AY-11	90,000
			<b>1,189,527</b>
ARRA - Delivery of Year-Round Youth Services	17.266	019ARRA09	19,381
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - SESP	17.275		289,685
<b>Total Department of Labor</b>			<b>14,237,434</b>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

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>			
Immunization Cluster:			
Passed-through the Michigan Departments of Community Health:			
Immunization Grants - Immunization & Vaccine Program	93.268	H23 CCH522556	\$ 250,551
Immunization Grants- Vaccines	93.268		848,405
Total Immunization Cluster			<u>1,098,956</u>
TANF Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
Temporary Assistance for Needy Families - DSS - Emergency Service	93.558		75,000
Temporary Assistance for Needy Families - JET	93.558	AY-11	5,648,239
Temporary Assistance for Needy Families	93.558	019-W-05	668,780
Temporary Assistance for Needy Families	93.558		2,567
Temporary Assistance for Needy Families - JET Supportive Services	93.558	AY-09	20,000
Total TANF Cluster			<u>6,414,586</u>
CSBG Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
Community Services Block Grant - FIA	93.569	CSBG-10-25012	1,165,743
Community Services Block Grant - Migrant Services	93.569	CSBG-M-0825012	20,000
Community Services Block Grant - Migrant Services	93.569	CSBG-M-0825012	11,931
Community Services Block Grant - EITC AGREEMENT	93.569	CSBG-T-06-25012	1,003
Total CSBG Cluster			<u>1,198,677</u>
Head Start Cluster:			
Direct programs:			
ARRA Head Start - Expansion	93.600		4,307
Head Start - Oral Health Grant 08	93.600		22,738
Head Start - Early Head Start	93.600		34,713
Head Start - Oral Health Grant 09	93.600		29,696
Head Start - HHS PAII	93.600		4,932
Head Start- TTA	93.600		156,080
Head Start-TTA 07/08	93.600		7,235
Head Start - Grandparent Support	93.600	90YD0257/01	50,000
ARRA Head Start - Quality Part B	93.600		1,332
Head Start - Early Start	93.600		125,358
Head Start - Early Start	93.600		1,284,981
Head Start (I)	93.600		12,983,270
Head Start (I)	93.600		1,866,003
			<u>16,570,645</u>
ARRA Head Start - HHS Expansion	93.708		65,454
ARRA Head Start - EHS Oper Food Care	93.708		655,119
ARRA Head Start - EHS & TTA	93.708		48,090
ARRA Head Start - Early Learning	93.708		65,674
			<u>834,337</u>
Total Headstart Cluster			<u>17,404,982</u>
Aging Cluster:			
Passed-through the Michigan Department of Family Independence Agency:			
Special Programs for the Aging - Title III, Part C - Nutrition Services - Senior Foods	93.045		1,151,433
Nutrition Services Incentive Program - Senior Foods	93.053		217,603
Total Aging Cluster			<u>1,369,036</u>
Medicaid Cluster:			
Passed-through the Michigan Department of Community Health:			
Medical Assistance Program- Title XIX	93.778		77,634
Medical Assistance Program - Case management services	93.778	5XX05MI5048	4,970
Medical Assistance Program - Case management services	93.778	5XX05MI5048	41,412
Medical Assistance Program - Case management services	93.778	5090MI5028	18,290
Medical Assistance Program - Case management services	93.778	5090MI5028	150,373
Medical Assistance Program - Case management services	93.778	5XX05MI5048	79,183
Total Medicaid Cluster			<u>371,862</u>

See Notes to Schedule of Expenditures  
of Federal Awards.

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
Direct programs:			
Healthy Start Initiative (Initiative on Infant Mortality)	93.926	H49MC00148-11-00	\$ 225,465
Healthy Start Initiative (Initiative on Infant Mortality)	93.926	H49MC00148-10-00	498,091
			<u>723,556</u>
Passed-through the Michigan Departments of Community Health, Mental Health, Family Independence Agency, and State Court Administrative Office :			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52 CCU500499	12,686
Public Health Emergency Preparedness - Bioterrorism - Supplement	93.069	CCU517018	32,316
Public Health Emergency Preparedness - Bioterrorism - Focus A	93.069	CCU517018	176,498
Public Health Emergency Preparedness - Pan Flu Focus Area 3	93.069	IH75TD000353	190,279
			<u>399,093</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance - Reach US	93.283	5U58DP000940-02	818,018
Centers for Disease Control and Prevention Investigations and Technical Assistance - Reach US - Pride	93.283	5U58DP000940-02	53,078
Centers for Disease Control and Prevention Investigations and Technical Assistance - Breast and Cervical Cancer Control Program (Coordination)	93.283	U58 DP 000812	95,655
Centers for Disease Control and Prevention Investigations and Technical Assistance - Breast and Cervical Cancer Control Program (Family Planning)	93.283	U58 DP 000812	2,160
Centers for Disease Control and Prevention Investigations and Technical Assistance - Breast and Cervical Cancer Control Program (Wise Women Coord.)	93.283	IUP58DP001439	15,876
			<u>984,787</u>
Family Planning Services - Maternal Health	93.217	BIMIMCHS	322,297
Family Planning Services	93.217	05H000173	319,208
			<u>641,505</u>
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	IX02MC	8,000
ARRA - FIA Child Support Enforcement -Title IV-D	93.563	CS/FOC-09-25001	4,710,996
ARRA - FIA Child Support Enforcement -Title IV-D - incentive	93.563	CS/FOC-09-25001	702,160
ARRA - FIA Child Support Enforcement-Title IV-D	93.563	CS/PA-09-25002	1,236,607
			<u>6,649,763</u>
Child Support Enforcement Research - PACT	93.564	SCAO-2010-095	104,843
Low-Income Home Energy Assistance	93.568	LIHEAP-08-25012	490,874
Low-Income Home Energy Assistance	93.568		10,766
			<u>501,640</u>
Foster Care Title IV-E - Child Abuse and Neglect	93.658	PROFC-00-25001	137,971
Chafee Foster Care Independence Program - Foster Care Summer	93.674		19,432
Maternal and Child Health Services Block Grant	93.994	BIMIMCHS	29,404
Maternal and Child Health Services Block Grant	93.994	BIMIMCHS	62,482
Maternal and Child Health Services Block Grant	93.994	BIMIMCHS	56,268
			<u>148,154</u>
ARRA Prevention and Wellness - Local Tobacco	93.723	3U58DPO01973	35,500
HIV Prevention Activities Health Department Based - AIDS/HIV Prevention, Counseling, & Testing	93.940	U62CCU52346401	60,561
			<u>38,285,590</u>
<b>Total Department of Health and Human Services</b>			
<b>Department of Transportation:</b>			
Highway Planning and Construction Cluster:			
Passed-through the Michigan Department of Transportation:			
Highway Planning and Construction	20.205	546590	433,041
Highway Planning and Construction - Rideshare Program	20.205	CMG-0925(031)	72,594
Highway Planning and Construction - HPP Program	20.205	86891	47,623
Highway Planning and Construction -Federal Transit Metropolitan Planning	20.205	108117	41,556
			<u>594,814</u>
<b>Total Highway Planning and Construction Cluster</b>			

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
<b>Department of Homeland Security:</b>			
Homeland Security Cluster:			
Passed-through Bay County:			
Homeland Security Grant Program	97.067	FY 2007	\$ 254,875
Homeland Security Grant Program	97.067	FY 2008	46,945
Total Homeland Security Cluster			<u>301,820</u>
Emergency Food and Shelter Program Cluster:			
Passed-through the Michigan Department of Education:			
ARRA - Emergency Food and Shelter National Board Program	97.114		2,310
ARRA - FEMA - Emergency Food and Shelter National Board Program	97.114		4,084
			<u>6,394</u>
<b>Total Department of Homeland Security</b>			<u>308,214</u>
<b>Department of Justice:</b>			
Justice Assistance Grant Program Cluster:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738		173,707
Edward Byrne Memorial Justice Assistance Grant- JAG	16.738		43,765
			<u>217,472</u>
Passed-through the State of Michigan:			
ARRA Edward Byrne Memorial Justice Assistance Grant- Community Renewal Task Force	16.803	2009-SU-B9-0017	1,051,220
ARRA Edward Byrne Memorial Justice Assistance Grant - Drug Awareness	16.803		12,695
ARRA Edward Byrne Memorial Justice Assistance Grant- Mental Health Court	16.803		72,160
ARRA Edward Byrne Memorial Justice Assistance Grant- Prescription Drug Awareness	16.803	2009-SU-B9-0017	75,459
			<u>1,211,534</u>
Passed-through Flint Township:			
ARRA Edward Byrne Memorial Justice Assistance Grant - JAG	16.804	2009-F9092-MI-SB	48,846
Total Justice Assistance Grant Cluster			<u>1,477,852</u>
Passed-through the Michigan Department of Corrections:			
Prisoner Reentry Initiative	16.202		<u>170,010</u>
Passed-through the Michigan Department of Community Health:			
Crime Victim Assistance -VOCA - Victims of Crime Act	16.575	20545-6V01	84,377
Edward Byrne Memorial Formula Grant Program	16.579	9XDBVX0026	288,802
			<u>373,179</u>
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-08-25001	23,768
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-09-25001	26,278
			<u>50,046</u>
Passed-through the Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants - Secure Our Schools	16.710		74,450
Public Safety Partnership and Community Policing Grants - COPS - Tech Advance	16.710		341,224
			<u>415,674</u>
<b>Total Department of Justice</b>			<u>2,486,761</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2011

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
<b>Department of Energy:</b>			
Passed-through the Michigan Family Independence Agency:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-09-25012	\$ 727,933
ARRA Weatherization Assistance for Low-Income Persons	81.042	DOE-S-09-2512	4,359,064
			<u>5,086,997</u>
Direct Program:			
ARRA Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000748	572,010
<b>Total Department of Energy</b>			<u>5,659,007</u>
<b>Environmental Protection Agency:</b>			
Passed-through the Michigan Department of Natural Resources & Environment:			
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471		7,891
Passed-through the Michigan Department of Labor & Economic Growth:			
Capitalization Grants for Drinking Water State Revolving Funds - Capacity Development Grant	66.468		1,500
<b>Total Environmental Protection Agency</b>			<u>9,391</u>
<b>Total Federal Financial Assistance</b>			<u>\$74,340,975</u>



# Genesee County

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2011

### 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 the Genesee County under programs of the federal government for the year ended September 30, 2011. 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, it is not intended to and does not present the financial position, changes in net assets or cash flows, if applicable, of Genesee County. 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:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
	17.258, 17.259,	
WIA Cluster	17.260	\$ 10,779,221
ARRA - CDBG Entitlement Grants Cluster	14.218, 14.253	2,463,856
HOME Program	14.239	209,467
Employment Services Cluster	17.207	1,959,620
Trade Adjustment Assistance	17.245	1,189,527
ARRA - Headstart Cluster	93.600, 93.708	9,870,993
TANF Cluster	93.558	6,414,586
ARRA - Homelessness Prevention and Rapid Re- Housing	14.257	4,057

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ 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: Unqualified

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
14.218, 14.253, 14.254	ARRA - CDBG Entitlement Grants Cluster
17.258, 17.259, 17.260	ARRA- WIA Cluster
81.042	ARRA - Weatherization Assistance
93.558, 93.714, 93.716	TANF Cluster
93.563	ARRA - Child Support Program
93.600, 93.708, 93.709	ARRA - Headstart Cluster

Dollar threshold used to distinguish between type A and type B programs: \$2,230,229

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

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

### Section II - Financial Statement Audit Findings

Reference

Number

Finding

11-01 **Finding Type** - Material Weakness

**Criteria** - There should be a review process in place to reconcile ending balances per the general ledger to supporting documentation as part of the closing process.

**Condition** - While most accounts were properly stated in accordance with generally accepted accounting principles (GAAP), there was a year-end adjustment required related to a grant receivable. It was also identified that property tax revenue was understated for the year ended September 30, 2011 due to a tax receipt being recorded twice in revenue in the prior year.

**Context** - The above adjustment was identified during the audit in order to properly reflect the activity for the year in accordance with GAAP. It was also noted that the current year tax revenue was understated.

**Cause** - There were accounts that were not reconciled as part of the year end closing process.

**Effect** - An entry was required as proposed by the auditors and recorded by management to properly reflect the balance as of September 30, 2011. The journal entry review resulted in identification of property tax revenue understatement for the current year and overstatement in prior year.

**Recommendation** - We recommend that an individual review the ending balances on the trial balances and reconcile all accounts as part of the year end closing process. We also recommend that the County implement procedures to ensure that all manual journal entries prepared by the accountants responsible for the funds are reviewed for propriety by a knowledgeable individual.

**Views of Responsible Officials and Planned Corrective Actions** - As part of the year end close process, a process will be put in place to ensure all accounts are reconciled and are accurate. An individual will also review manual journal entries recorded by accountants for propriety.

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

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

Reference Number	Finding
II-02	<p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - In order for there to be adequate segregation of duties, the functions of recording, custody, and authorization should be segregated.</p> <p><b>Condition</b> - There is an individual that has incompatible duties related to custody and authorization.</p> <p><b>Context</b> - An individual has full access to the check writing process and can write, print and record a check as well as set up new vendors to pay via ACH transfers. This individual, however, does not have the ability to post manual journal entries to the general ledger which could be used to cover up a fraudulent transaction.</p> <p><b>Cause</b> - The duties related to custody and authorization are not properly segregated.</p> <p><b>Effect</b> - There was a lack of segregation of duties during the year.</p> <p><b>Recommendation</b> - We recommend that the duties related to custody and authorization be segregated.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Assistant Controller generates and reviews an accounts payable listing on a weekly basis. The vendor setup function will be assigned to other staff in the Controller's Office.</p>

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

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

Reference Number	Finding
II-03	<p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - The GASB 34 cash account balance should not be included as part of the total pooled cash account.</p> <p><b>Condition</b> - The GASB 34 cash balance was negative. The GASB 34 fund was included as a result of posting of transactions related to the purchase of internal service fund capital assets which were posted to the GASB 34 fund rather than posting the transactions to the internal service fund.</p> <p><b>Context</b> - The government-wide statements were properly stated as the internal service fund is included with the governmental activities of the GASB 34 presentation. The internal service fund statements had overstated cash and understated capital assets.</p> <p><b>Cause</b> - GASB 34 cash was improperly included in the pooled cash account reconciliation.</p> <p><b>Effect</b> - At the individual fund level, the internal service fund reported an overstatement of cash and an understatement of capital assets.</p> <p><b>Recommendation</b> - We recommend that review procedures be put in place of journal entries as well as ensuring that bank reconciliation preparers are looking to ensure that the GASB 34 fund is not a part of the reconciliation of cash accounts.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Review procedures will be put in place of journal entries as well as ensuring that bank reconciliation preparers are looking to ensure that the GASB 34 fund is not a part of the reconciliation of cash accounts.</p>

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

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

Reference Number	Finding
11-04	<p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - Bank reconciliations should only reflect reconciling items for transactions that have occurred through the period then ended.</p> <p><b>Condition</b> - There were certain reconciling items included in the reconciliations that had not taken place yet/or that took place already and should not have been included in the reconciliations.</p> <p><b>Context</b> - For the September 2011 bank reconciliation, the cash balance used from the general ledger was then increased for a payment made prior to year end. A prepaid should have been recorded at the fund level and cash decreased. There was also a transfer between accounts, the reconciliation showed that one fund had a deposit in transit and the other had an outstanding transfer, however, the actual transfer did not occur until a few days after year end.</p> <p><b>Cause</b> - There were items included in the bank reconciliations that were not reconciling items.</p> <p><b>Effect</b> - The cash balances were not properly stated within the general ledger and the bank reconciliations.</p> <p><b>Recommendation</b> - We recommend that the bank reconciliations only reflect transactions that have occurred through the period then ended.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The bank reconciliations will only reflect transactions that have occurred through out the period then ended.</p>

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

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

Reference Number	Finding
11-05	<p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - Capital assets are recorded as expenditures in the governmental funds. At the government-wide level, those assets should be identified and capitalized on the capital asset schedule.</p> <p><b>Condition</b> - There was a large project asset that had not been capitalized.</p> <p><b>Context</b> - There was a capital asset that was not capitalized at the government-wide level of \$5,845,652.</p> <p><b>Cause</b> - The County typically records all assets requiring capitalization in capital outlay accounts. This asset was recorded in a non-capital outlay account and, therefore, was not identified as an asset that needed to be capitalized.</p> <p><b>Effect</b> - A journal entry was necessary to record the capital asset on the government-wide statements.</p> <p><b>Recommendation</b> - We recommend that procedures be put in place to ensure that all assets recorded outside of capital outlay accounts are properly recorded in the posting of full accrual adjustments. We also suggest that supervisory review procedures be put in place to consider any current significant capital outlay projects or activities and track the project activity to the applicable fund expenditures and also to the additions on the fixed asset schedule for completeness.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Procedures will be put in place to ensure that all assets recorded outside of capital outlay accounts are properly recorded in the posting of full accrual adjustments. Supervisory review procedures will be put in place to consider any current significant capital outlay projects or activities and track the project activity to the applicable fund expenditures and also to the additions on the fixed asset schedule for completeness.</p>

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2011

### Section III - Federal Program Audit Findings

Reference

Number

Finding

11-06	<p><b>Program Name</b> - ARRA-Weatherization 81.042</p> <p><b>Pass-through Entity</b> - Michigan Family Independence Agency</p> <p><b>Finding Type</b> - Material Weakness and Material Noncompliance with Laws and Regulations</p> <p><b>Criteria</b> - Under federal register 10 CFR, Weatherization funded programs are required to submit reports (DHS-4326-DOE) within 90 days of the end of each month.</p> <p><b>Condition</b> - The monthly reports due 90 days after month end for April and August 2011 for the Weatherization ARRA program were not submitted on time.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Of the three reports that were tested, two of them were not submitted on time. The April report was filed 3 days late and the August report was filed 16 days late.</p> <p><b>Cause and Effect</b> - The individual responsible for filing the DHS-4326-DOE reports was not aware of the due date for reporting. As a result, the reports were not filed timely.</p> <p><b>Recommendation</b> - We recommend that the County Controller's office designate a person who has the responsibility to ensure that Weatherization reports are filed timely.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - A person will be designated by the County Controller's office to have the responsibility to ensure that the reports are filed timely.</p>
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