

# **Genesee County, Michigan**

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**Federal Awards  
Supplemental Information  
September 30, 2012**

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## Independent Auditor's Report

To the Board of Commissioners  
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, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 26, 2013, which contained unqualified opinions on those financial statements. Those basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on those basic financial statements based on our audit. We have not performed any procedures with respect to the audited financial statements subsequent to March 26, 2013. We did not audit the financial statements of Genesee County Community Mental Health Services, a major governmental fund of the County, which represents 36.7 and 40.8 percent of the assets and revenue, respectively, of the governmental funds. We also did not audit the financial statements of Genesee County Planning Commission, a nonmajor governmental fund of the County, which represents less than 1 percent of both the assets and revenues of the governmental funds. We also did not audit the financial statements of Genesee County Road Commission, a discretely presented component unit of the County, which represents 33.0 percent and 34.9 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 revenue 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 Community Mental Health Services, Genesee County Planning Commission, Genesee County Road Commission, and the Economic Development Corporation, 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. 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. The financial statements of the following entities were not audited in accordance with *Government Auditing Standards*: Economic Development Corporation of the County of Genesee and Genesee County Storm Water Management System. 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 opinion.

To the Board of Commissioners  
Genesee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are 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.

*Plante & Morse, PLLC*

March 26, 2013

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 Board of Commissioners  
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, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 26, 2013, which 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 Genesee County Community Mental Health Services, Genesee County Planning Commission, Genesee County Road Commission, and the Economic Development Corporation of the County of Genesee, as described in our report on 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 and the Genesee County Storm Water Management System were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of Genesee County, Michigan is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered Genesee County, Michigan's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

To the Board of Commissioners  
Genesee County, Michigan

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, 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 over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 to be material weaknesses (Findings 2012-1, 2012-2, and 2012-3).

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 (Findings 2012-4 and 2012-5).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Genesee County, Michigan'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 Genesee County, Michigan in a separate letter dated March 26, 2013.

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

This report is intended solely for the information and use of management, 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 26, 2013

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 Board of Commissioners  
Genesee County, Michigan

**Compliance**

We have audited the compliance of Genesee County, Michigan (the "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, 2012. The major federal programs of Genesee County, Michigan 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 Genesee County, Michigan's management. Our responsibility is to express an opinion on Genesee County, Michigan's compliance based on our audit.

Genesee County, Michigan's basic financial statements include the operations of the component units of Genesee County Road Commission, Genesee County Land Bank, and the departments of Community Mental Health and Genesee County Planning Commission which received \$532,257, \$5,382,869, \$4,936,612, and \$704,788, respectively, in federal awards which is not included in the schedule during the year ended September 30, 2012. Our audit, described below, did not include the operations of Genesee County Road Commission, Genesee County Land Bank, and the departments of Community Mental Health and 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 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. Our audit does not provide a legal determination on Genesee County, Michigan's compliance with those requirements.

To the Board of Commissioners  
Genesee County, Michigan

In our opinion, Genesee County, Michigan complied, in all material respects, with the 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, 2012.

### **Internal Control Over Compliance**

The management of Genesee County, Michigan 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 Genesee County, Michigan'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 County'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 to 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 and a deficiency that we consider to be a significant deficiency.

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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2012-6 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2012-7 to be a significant deficiency.

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



To the Board of Commissioners  
Genesee County, Michigan

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, 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*

May 14, 2013

# Genesee County

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

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	\$ 79,142
Passed-through the Michigan Department of Education:			
Summer Food Service Program for Children	10.559	25SF010000	166,660
Total Child Nutrition Cluster			<u>245,802</u>
SNAP Cluster			
Passed-through the Michigan Department of Labor and Economic Growth:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY-12	241,386
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY-12	5,824
			<u>247,210</u>
Emergency Food Assistance Cluster			
Passed-through the Michigan Department of Education:			
Emergency Food Assistance Program (Administrative Costs)	10.568	25000-1010-C	103,922
ARRA - Emergency Food Assistance Program (Commodity)	10.569	25000-1010-C	1,090,795
Total Emergency Food Assistance Cluster			<u>1,194,717</u>
Direct Program:			
Child and Adult Care Food Program - Head Start - School lunch program	10.558	N/A	301,154
Passed-through the Michigan Department of Community Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding	10.557	IW100342	12,774
Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding	10.557	W500342	49,411
Special Supplemental Nutrition Program for Women, Infants, and Children (Local Agency Development)	10.557	IW100342	1,686,835
Passed-through the Genesee County Health Department to GCCARD:			
Special Supplemental Nutrition Program for Women, Infants, and Children (Local Agency Development)	10.557	IW100342	47,285
			<u>1,796,305</u>
Passed-through the Michigan Department of Education:			
Commodity Supplemental Food Program (Admin)	10.565	25000-1010	326,647
<b>Total Department of Agriculture</b>			<u>4,111,835</u>
<b>Department of Commerce:</b>			
Public Works and Economic Development Cluster:			
Direct Program:			
Economic Adjustment Assistance	11.307	N/A	808,931

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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	\$ 149,096
Community Development Block Grants/Entitlement Grants	14.218	B-09-UN-26-0001	22,782
Community Development Block Grants/Entitlement Grants	14.218	B-10-UC-26-0001	892,775
Community Development Block Grants/Entitlement Grants	14.218	B-11-UC-26-0001	955,602
Community Development Block Grants/Entitlement Grants	14.218	B-12-UN-26-0001	45,711
Neighborhood Stabilization Program	14.218	B-08-UC-26-0001	1,625,518
Neighborhood Stabilization Program 3	14.218	B-11-UN-26-0001	374,854
			<u>4,066,338</u>
ARRA - Community Development Block Grant/Entitlement Grant (CDBG-R)	14.253	B-09-UY-26-0001	167,632
Total CDBG Entitlement Grants Cluster			<u>4,233,970</u>
Direct Programs:			
Shelter Plus Care	14.238	MI28C105006	138,542
Shelter Plus Care	14.238	MI0154C5F050802	23,767
			<u>162,309</u>
Home Investment Partnerships Program	14.239	M-09-UC-26-0205	132,070
Home Investment Partnerships Program	14.239	M-10-UC-26-0205	186,389
Home Investment Partnerships Program	14.239	M-11-UC-26-0205	154,235
			<u>472,694</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	S-09-UY-26-0001	78,384
Emergency Solutions Grant Program	14.231	N/A	51,860
Passed-through Metro Housing Partnership:			
Supportive Housing Program - Continuum Care II	14.235	N/A	20,694
Supportive Housing Program	14.235	MI28B305002R	6,122
Supportive Housing Program	14.235	N/A	817
Supportive Housing Program	14.235	N/A	7,093
Supportive Housing Program	14.235	MI0148B5F050801	40,088
Supportive Housing Program - Samaritan Shelter Plus Care	14.235	N/A	82,870
			<u>157,684</u>
Lead Based Paint Hazard Control in Privately-Owned Housing	14.900	MILHB0449-09	584,184
Total Department of Housing and Urban Development			<u>5,741,085</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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-12	\$ 67,730
Employment Service/Wagner-Peyser Funded Activities	17.207	AY-11	612,968
Passed-through Career Alliance:			
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A	151,271
Total Employment Services Cluster			<u>831,969</u>
WIA Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
WIA Adult Program - Earn & Learn	17.258	AY-10	349,698
WIA Adult Program - Earn & Learn	17.258	AY-11	103,184
WIA Adult Program - Statewide Service Center	17.258	AY-12	1,440
WIA Adult Program - Statewide Activities	17.258	AY-11	1,816,188
WIA Adult Program - Capacity Building	17.258	AY-11	610,295
WIA Adult Program - Admin	17.258	AY-10	16,000
WIA Adult Program - Admin	17.258	AY-10	5,748
WIA Adult Program	17.258	AY-12	61,328
WIA Adult Program	17.258	AY-11	1,594,997
WIA Adult Program - Service Center Ops	17.258	AY-10	100,279
WIA Adult Program - Gang Diversion	17.258	AY-10	43,450
WIA Adult Program - Statewide Region	17.258	AY-10	30,334
WIA Adult Program - Statewide JET	17.258	AY-11	356,560
WIA Adult Program - Statewide Incentive	17.258	AY-11	4,079
WIA Adult Program - ECAR	17.258	AY-09	69,294
			<u>5,162,874</u>
Passed-through Career Alliance:			
WIA Youth Activities	17.259	AY-06	39,873
WIA Youth Activities - Summer Program	17.259	AY-06	104,157
Passed-through the Michigan Department of Labor and Economic Growth:			
WIA Youth Activities	17.259	AY-11	1,554,914
WIA Youth Activities	17.259	AY-12	417,611
			<u>2,116,555</u>
WIA Dislocated Workers	17.260	AY-10	634,255
WIA Dislocated Workers	17.260	AY-12	99,368
WIA Dislocated Workers	17.260	AY-09	40,000
ARRA WIA Dislocated Workers - Admin	17.260	AY-12	41,538
WIA Dislocated Workers - Painter Apprentice Program	17.260	AY-09	106,316
			<u>921,477</u>
Total WIA Cluster			<u>8,200,906</u>
Passed-through the Michigan Department of Labor and Economic Growth:			
Trade Adjustment Assistance	17.245	FY-12	1,686,536
Trade Adjustment Assistance	17.245	AY-12	128,829
Passed-through Career Alliance:			
Trade Adjustment Assistance - Employment Services	17.245	N/A	83,750
			<u>1,899,115</u>
ARRA - Delivery of Year-Round Youth Services	17.245	019ARRA9	29,821
Passed-through the Michigan Department of Labor and Economic Growth:			
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - SESP	17.275	AY-08	420,495
Unemployment Insurance	17.225	AY-11	148,733
Passed-through Career Alliance:			
Unemployment Insurance	17.225	N/A	44,233
			<u>192,966</u>
<b>Total Department of Labor</b>			<u>11,575,272</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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	\$ 185,998
Immunization Grants - Vaccines	93.268		790,807
Immunization Grants - Fixed Fees	93.268	H23 CCH522556	8,250
			<u>985,055</u>
ARRA - Immunizations	93.712	IU66IP000446	50,000
Total Immunization Cluster			<u>1,035,055</u>
TANF Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
Temporary Assistance for Needy Families	93.558	FY-12	5,768,224
Passed-through Career Alliance:			
Temporary Assistance for Needy Families	93.558	019-W-05	496,114
Temporary Assistance for Needy Families - JET Plus	93.558	N/A	95,404
Total TANF Cluster			<u>6,359,742</u>
CSBG Cluster:			
Passed-through the Michigan Department of Labor and Economic Growth:			
Community Services Block Grant - FIA	93.569	CSBG-10-25012	1,230,365
Community Services Block Grant - EITC AGREEMENT	93.569	CSBG-T-06-25012	20,000
Community Services Block Grant - Migrant Services	93.569	CSBG-M-0825012	9,266
Total CSBG Cluster			<u>1,259,631</u>
Head Start Cluster:			
Direct Programs:			
Head Start - HHS PAII	93.600	N/A	48,893
Head Start - TTA 07/08	93.600	N/A	151,180
Head Start - Early Start	93.600	N/A	3,524,926
Head Start (I)	93.600	N/A	14,121,612
			<u>17,846,611</u>
ARRA Head Start - Early Learning	93.708	N/A	159,326
Total Head Start Cluster			<u>18,005,937</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	N/A	1,179,931
Nutrition Services Incentive Program - Senior Foods	93.053	N/A	290,471
Total Aging Cluster			<u>1,470,402</u>
Medicaid Cluster:			
Passed-through the Michigan Department of Community Health			
Medical Assistance Program - Case management services	93.778	05U05M15ADM	91,381
Medical Assistance Program - Case management services	93.778	05U05M15ADM	2,850
Medical Assistance Program - Case management services	93.778	05U05M15ADM	26,300
Medical Assistance Program - Case management services	93.778	05U05M15ADM	135,121
Medical Assistance Program - Case management services	93.778	05U05M15ADM	82,606
Total Medicaid Cluster			<u>338,258</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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	\$ 683,350
Healthy Start Initiative (Initiative on Infant Mortality)	93.926	H49MC00148-10-00	41,397
			<u>724,747</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	9,848
Public Health Emergency Preparedness - Bioterrorism - Supplement	93.069	CCU517018	161,578
Public Health Emergency Preparedness - Hispiral Preparedness Program - Bioterrorism	93.069	U90TP000528	37,448
			<u>199,026</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance - Reach US	93.283	5U58DP000940-02	832,448
Centers for Disease Control and Prevention Investigations and Technical Assistance - Reach US -	93.283	5U58DP000940-02	36,054
Centers for Disease Controls and Prevention Investigations and Technical Assistance - Breast and Cervical Cancer Control Program (Wise Women Coord.)	93.283	IUP58DP001439	25,600
			<u>894,102</u>
Family Planning Services	93.217	GFHPHA05017341	280,345
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program	93.505	D89MC23151	43,239
Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program - Child and Adult Care Food	93.505		108,800
ARRA - Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program - Head Start Quality	93.505	05SE0808/01	190,000
			<u>342,039</u>
ARRA - Child Support Enforcement -Title IV-D	93.563	CS/PA-09-25002	1,269,111
ARRA - Child Support Enforcement -Title IV-D	93.563	CS/FOC-10-25001	4,830,544
ARRA - Child Support Enforcement -Title IV-D - incentive	93.563	CS/FOC-10-25001	639,840
			<u>6,739,495</u>
			<u>7,081,534</u>
Low-Income Home Energy Assistance	93.568	N/A	26,865
Foster Care Title IV-E - Child Abuse and Neglect	93.658	PROFC-00-25001	165,353
Chafee Foster Care Independence Program - Foster Care Summer	93.674	N/A	23,267
Chafee Foster Care Independence Program - Foster Care Summer	93.674	N/A	21,720
			<u>44,987</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program - Breast and Cervical Cancer Control Program (Coordination)	93.919	U58DP000812	70,131
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program - Family Planning and Breast and Cervical Cancer Control Program	93.919	U58DP000812	2,200
			<u>72,331</u>
Prevention Health & Health Services Block Grant - STD Control	93.991	BIMIRPVS	17,485
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	326,697
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	34,381
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	60,788
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	8,800
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	4,110
Maternal and Child Health Services Block Grant to the States	93.994	BIMIMCHS	3,567
			<u>438,343</u>
ARRA Prevention and Wellness - State, Territories and Pacific Islands - Local Tobacco	93.723	3U58DPO01973	11,396
HIV Prevention Activities Health Department Based - AIDS/HIV Prevention, Counseling, and Testing	93.940	U62CCU52346401	52,584
Passed-through Bay County:			
Public Safety Interoperable Communications Grant Program	11.555	FY2007	7,392
Tobacco Regulation Awareness, Communication, and Education Program	93.058	HHSF22320110085C	7,388
<b>Total Department of Health and Human Services</b>			<u>38,502,751</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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:			
Federal Transit_Metropolitan Planning Grant	20.205	114809	\$ 318,074
Federal Transit_Metropolitan Planning Grant - Rideshare Program	20.205	CMG-1125(037)	80,000
Federal Transit_Metropolitan Planning Grant - HPP Program	20.205	86891	19,459
Federal Transit_Metropolitan Planning Grant - Federal Transit Metropolitan Planning	20.205	114189	15,199
Total Highway Planning and Construction Cluster			<u>432,732</u>
Federal Transit_Metropolitan Planning Grant - Urban Mass Transportation Studies Grant	20.505	114923	<u>103,860</u>
<b>Total Department of Transportation</b>			<u>536,592</u>
<b>Department of Homeland Security:</b>			
Homeland Security Cluster:			
Passed-through Bay County:			
Homeland Security Grant Program	97.067	FY2008	62,636
Homeland Security Grant Program	97.067	FY2008	133,882
Homeland Security Grant Program	97.067	FY2009	5,263
Homeland Security Grant Program	97.067	FY2010	52,280
Total Homeland Security Cluster			<u>254,061</u>
Emergency Food and Shelter Program Cluster:			
Passed-through the Michigan Department of Education - ARRA - Emergency Food and Shelter			
National Board Program	97.114	N/A	<u>521,654</u>
Passed-through Michigan State Police:			
Emergency Management Performance Grant	97.042	FY2011	7,686
Emergency Management Performance Grant	97.042	FY2012	17,891
Total Department of Homeland Security			<u>801,292</u>
<b>Department of Justice:</b>			
Justice Assistance Grant Program Cluster:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	201,844
Edward Byrne Memorial Justice Assistance Grant - JAG/RSAT	16.738	FYE 2011	69,267
Edward Byrne Memorial Justice Assistance Grant - JAG/RSAT	16.738	FYE 2012	10,011
Total Justice Assistance Grant Cluster			<u>281,122</u>
Passed-through the State of Michigan			
ARRA Edward Byrne Memorial Justice Assistance Grant/Grants to States and Territories -			
Community Renewal Task Force	16.803	2009-SU-B9-0017	1,039,676
ARRA Edward Byrne Memorial Justice Assistance Grant/Grants to States and Territories -			
Drug Awareness	16.803	N/A	34,469
ARRA Edward Byrne Memorial Justice Assistance Grant/Grants to States and Territories -			
Mental Health Court	16.803	N/A	80,465
ARRA Edward Byrne Memorial Justice Assistance Grant/Grants to States and Territories -			
Prescription Drug Awareness	16.803	2009-SU-B9-0017	101,287
Total Justice Assistance Grant Cluster			<u>1,255,897</u>
Total Justice Assistance Grant Cluster			<u>1,537,019</u>
Passed-through the Michigan Department of Community Health:			
Crime Victim Assistance - VOCA - Victims of Crime Act	16.575	20545-6V01	<u>78,101</u>
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-12-25001	19,751
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-11-25001	31,062
Total Department of Justice			<u>50,813</u>
Passed-through the State of MI - Juvenile Justice and Delinquency Prevention Allocation to States	16.540	JDMHC-12-25001	<u>25,730</u>
Passed-through the Office of Community Oriented Policing Services - Public Safety Partnership and Community			
Policing Grants - COPS - Tech Advance	16.710	N/A	<u>9,045</u>
<b>Total Department of Justice</b>			<u>1,700,708</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2012

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	\$ 234,084
ARRA Weatherization Assistance for Low-Income Persons	81.042	DOE-S-09-2512	3,682,907
			<u>3,916,991</u>
Direct program - ARRA Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000748	<u>168,196</u>
<b>Total Department of Energy</b>			<u>4,085,187</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	CT975861	<u>7,891</u>
Passed-through the Michigan Department of Labor & Economic Growth:			
Capitalization Grants for Drinking Water State Revolving Funds - Capacity Development Grant	66.468	CT975861	<u>1,500</u>
<b>Total Environmental Protection Agency</b>			<u>9,391</u>
<b>Total Federal Financial Assistance</b>			<u><b>\$ 67,873,044</b></u>



## Genesee County

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### Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 71,737,757
Less: Deferred revenue at September 30, 2011	(3,085,484)
Add: Deferred revenue at September 30, 2012	2,592,938
Less: Community Mental Health federal revenue	(4,936,612)
Less: Medicaid income	(681,888)
Add: Transfer to Health Department	47,285
Add: Transfer to Career Alliance	1,040,220
Add: Change in inventory	256,857
Add: Program income	93,040
Add: Component unit	<u>808,931</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 67,873,044</u></u>

# Genesee County

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

### 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, 2012. 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 assets 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
ARRA-WIA Cluster	17.258, 17.259, 17.260	\$ 8,200,906
ARRA-CDBG Entitlement Grants Cluster	14.218, 14.253	1,048,075
HOME Program	14.239	472,694
Employment Services Cluster	17.207	831,969
Trade Adjustment Assistance	17.245	1,899,115
ARRA-Headstart Cluster	93.600, 93.708	12,798,006
TANF Cluster	93.558	6,359,742
ARRA-Homelessness Prevention and Rapid Re-Housing	14.257	78,384
	Total	<u>\$ 31,688,891</u>

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2012

### 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	ARRA-CDBG Entitlement Grants Cluster
17.258, 17.259, 17.260	ARRA-WIA Cluster
93.558	TANF Cluster
93.600, 93.708	ARRA-Headstart Cluster
93.563	ARRA-Child Support Program
81.042	ARRA-Weatherization Assistance

Dollar threshold used to distinguish between type A and type B programs: \$2,036,191

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

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2012-1	<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 Genesee County, Michigan's (the "County") financial statements in accordance with GAAP. These entries related to adjusting deferred revenue, fund balances/net assets, accounts payable, and ending balances in the general ledger. In addition, the County had held checks that lead to cash and accounts payable being understated.</p> <p><b>Context</b> - All of these entries relate to adjustments that are made once a 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 the held checks and accounts payable identified above that 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 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, 2013.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-2	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Capital assets are required to be tracked and recorded in the proprietary funds and in the government-wide statements in accordance with GASB No. 34.</p> <p><b>Condition</b> - During our review of capital assets, we noted several formula errors and adjustments that needed to be made in order to properly state balances at year end. The County uses a highly manual process, which makes it susceptible to errors.</p> <p><b>Context</b> - Capital asset schedules were manually compiled and there were several instances of information being overstated or omitted as summaries were tested during the audit.</p> <p><b>Cause</b> - Staffing constraints and the manual process contributes to the difficulty in preparing accurate reports timely.</p> <p><b>Effect</b> - Adjustments were needed to properly state the capital asset balances for the government-wide statements at year end.</p> <p><b>Recommendation</b> - We recommend that supervisory review procedures be put in place in order to ensure proper accounting of capital assets.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County will implement the capital asset accounting module of its accounting software and appropriate review procedures during the fiscal year ending September 30, 2013 to ensure proper accounting of capital assets.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-3	<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, were 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 that a process 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> - Staffing constraints and the approval process for changes were 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 that is shared with two other departments, and a part-time retiree. Notwithstanding the system limitations and availability of resources as noted, the County will address this recommendation and attempt to implement a system to track payroll changes as recommended, pending conversion to a new time and attendance and payroll system during the current fiscal year ending September 2013.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-4	<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> - We 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 some timesheets 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 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 that 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 implementation of the new time and attendance system will serve to mitigate the risk of erroneous payments as well.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-5	<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 will generate and review 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 (Continued) Year Ended September 30, 2012

### Section III - Federal Program Audit Findings

Reference

Number

Finding

2012-6 **Program Name** - ARRA Funded CDBG Entitlement Grants Cluster 14.218/14.253, Supportive Housing Program 14.235, HOME Program 14.239, Crime Victim Assistance 16.575, ARRA Funded Edward Byrne Memorial Justice Assistance Grant Cluster 16.738/16.803, ARRA Funded WIA Cluster 17.258/17.259/17.260, ARRA Funded Weatherization Assistance 81.042, Centers for Disease Control and Prevention Investigations and Technical Assistance 93.283, ARRA Funded Affordable Care Act Maternal, Infant, and Early Childhood Michigan Home Visiting Program 93.505, ARRA Funded Child Support Enforcement 93.563, Community Services Block Grant Cluster 93.569, ARRA Funded Headstart Cluster 93.600/93.708, Healthy Start Initiative 93.926, ARRA Funded Emergency Food and Shelter Program Cluster 97.114

**Pass-through Entity** - Metro Housing Partnership, Michigan Department of Community Health, State of Michigan, Michigan Department of Labor and Economic Growth, Career Alliance, Michigan Family Independence Agency, State Court Administrative Office, Michigan Department of Education

**Finding Type** - Material weakness

**Criteria** - OMB Circular A-133 requires organizations to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA).

**Condition** - 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.

**Questioned Costs** - None

**Context** - The modifications necessary to correct the SEFA initially prepared by the County affected the initial major program selection.

**Cause and Effect** - 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.

**Recommendation** - Internal control procedures should be initiated and enforced to ensure the proper expenditures are reported in the schedule of federal awards.

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-6 (Cont'd)	<p><b>Views of Responsible Officials and Planned Corrective Actions -</b> The 2012 SEFA originally prepared by the County did not include federal expenses in which the related federal revenue was deferred. This method of reporting had been used in previous years and was based on the direction of past management and auditor. The County's practice of reporting federal expenditures has been corrected and we are now reporting in our SEFA all federal expenditures incurred during the fiscal year.</p> <p>In addition, the County had inadvertently misclassified a material grant as state expenditures rather than federal. This resulted in missing the reporting of this grant on the SEFA. Some staffing changes had occurred during the audit, and staff was unfamiliar with the source funding of the grant since this particular grant flows through the State of Michigan. Staff is now knowledgeable of the original source of funding.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2012

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

Reference Number	Finding
2012-7	<p><b>Program Name</b> - ARRA Funded Child Support Enforcement Grant 93.563</p> <p><b>Pass-through Entity</b> - Michigan Department of Community Mental Health</p> <p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Under Section 45 CFR of grant requirements, expenditures paid with grant funding must be allowable under the grant requirements and be charged to the grant at the correct amount. The reporting for the grant must also be submitted with the correct amount spent on the grant for the period covered.</p> <p><b>Condition</b> - 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.</p> <p><b>Questioned Costs</b> - \$76</p> <p><b>Context</b> - There was a sample of 40 expenditures tested that were paid with grant funding during the fiscal year. During our testing, we identified one expenditure that had supporting documentation indicating the actual cost was less than the amount charged to the grant for payroll. There were also three reports that were selected for testing. One of the reports had a payroll amount reported that was more than the actual amount of payroll expense in the general ledger for the period.</p> <p><b>Cause and Effect</b> - There were expenditures reported to the granting agency in excess of the actual expenditures recorded in the reporting period. Without proper review of the amounts reported for accuracy, the grant could be overcharged.</p> <p><b>Recommendation</b> - We recommend that a review be performed of the expenditures recorded in the general ledger and supporting documentation to the amount filed on reports and requests for reimbursement to ensure the amounts are accurate and to prevent over charging the grant.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Although questioned costs of \$76 appear immaterial, the County recognizes the potential for error in grant reporting. Currently, staff is required to reconcile general ledger activity to expenses being reported to the granting agency. We will reiterate to staff the importance of this procedure prior to submitting expense reports to the granting agency to ensure accurate reporting.</p>