

# **Genesee County**

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**Federal Awards  
Supplemental Information  
September 30, 2007**

# Genesee County

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## Independent Auditor's Report

To the Board  
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 as of and for the year ended September 30, 2007, which collectively comprise Genesee County's basic financial statements, and have issued our report thereon dated March 29, 2008. Those basic financial statements are the responsibility of the management of Genesee County. Our responsibility was to express opinions on those basic financial statements based on our audit.

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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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 29, 2008

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*

To the Board  
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 as of and for the year ended September 30, 2007, which collectively comprise Genesee County's basic financial statements, and have issued our report thereon dated March 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 Genesee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Genesee County'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency and another deficiency that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 07-01 to be a significant deficiency in internal control over financial reporting.

To the Board  
Genesee County

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the deficiency described in the Schedule of Findings and Questioned Costs as item 07-02 constitutes a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 Audit Standards*.

Genesee County's response to the significant deficiencies and findings relating to compliance and other matters identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, and the federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

March 29, 2008

Report on Compliance with Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133

To the Board  
Genesee County

### Compliance

We have audited the compliance of 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 are applicable to each of its major federal programs for the year ended September 30, 2007. The major federal programs of 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 Genesee County's management. Our responsibility is to express an opinion on Genesee County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 Genesee County's compliance with those requirements.

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 07-03.

To the Board  
Genesee County

In our opinion, Genesee County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

### **Internal Control Over Compliance**

The management of Genesee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Genesee County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-03 to be significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

To the Board  
Genesee County

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 Genesee County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

June 24, 2008

# Genesee County

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
<b>Clusters:</b>			
Child Nutrition Cluster:			
U.S. Department of Agriculture:			
Passed-through the Michigan Department of Agriculture:			
National School Lunch Program	10.555		\$ 97,155
Passed-through the Michigan Department of Education:			
Summer Food Service Program for Children	10.559	4266113300	<u>184,867</u>
Total Child Nutrition Cluster			<u>282,022</u>
Emergency Food Assistance Cluster:			
U.S. Department of Agriculture:			
Passed-through the Michigan Department of Education:			
Temporary Emergency Food Assistance Program (Admin)	10.568	25000-1010-C	201,947
Temporary Emergency Food Assistance Program (Commodity)	10.569	25000-1010-C	<u>454,238</u>
Total Emergency Food Assistance Cluster			<u>656,185</u>
WIA Cluster:			
U.S. Department of Labor:			
Passed-through the Michigan Department of Labor and Economic Growth:			
WIA Adult Program	17.258	AY-07	968,017
WIA Adult Program	17.258	AY-06	2,038,364
WIA Capacity Building	17.258	AY-07	188
WIA Capacity Building	17.258	AY-06	1,154
WIA Adult Program - Admin	17.258	AY-07	83,052
WIA Adult Program - Admin	17.258	AY-06	163,284
WIA A One Stop Operation	17.258	AY-07	41,113
WIA A One Stop Operation	17.258	AY-06	189,607
WIA Rapid Response - Incumbent	17.260	AY-07	5,038
WIA Rapid Response - Incumbent	17.260	AY-06	134,270
WIA Perform Incentive	17.258	AY-06	110,926
WIA Rapid Response -Scholarships	17.260	AY-06	83,337
WIA WF Support	17.258	AY-07	459,871
WIA Youth Activities	17.259	AY-07	595,118
WIA Youth Activities	17.259	AY-06	1,783,335
WIA Youth Activities - Admin	17.259	AY-07	90,235
WIA Youth Activities - Admin	17.259	AY-06	183,647
WIA Dislocated Workers	17.260	AY-07	808,523
WIA Dislocated Workers	17.260	AY-06	1,813,240
WIA Dislocated Workers - Admin	17.260	AY-07	105,848
WIA Dislocated Workers - Admin	17.260	AY-06	<u>250,042</u>
Total WIA Cluster			<u>9,908,209</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
Homeland Security Cluster:			
U.S. Department of Homeland Security:			
Passed-through the Michigan Department of State Police:			
State Homeland Security Grant Program	97.067		312
State Homeland Security Grant Program	97.067		264,273
State Homeland Security Grant Program	97.067		705,450
State Homeland Security Grant Program	97.067		1,505
State Homeland Security Grant Program	97.067		434,780
Total Homeland Security Cluster			<u>1,406,320</u>
<b>Other federal awards:</b>			
U.S. Department of Agriculture:			
Direct Program:			
Headstart - School lunch program	10.558		218,720
Headstart - School lunch program	10.558		17,887
Headstart - School lunch program	10.558		561
Headstart - School lunch program	10.558		115,500
Headstart - School lunch program	10.558		257,400
Passed-through the Michigan Department of Community Health:			
Special Supplemental Food Program for Women, Infants and Children	10.557	XX4W1006	1,508,230
Special Supplemental Food Program for Women, Infants and Children (Local Agency Development)	10.557	2006W1011	5,368
Passed-through the Michigan Department of Education:			
Commodity Supplemental Food Program (Admin)	10.565	25-CSF-1010	269,081
Commodity Supplemental Food Program (Commodity)	10.565	25-CSF-1010	896,070
Passed-through the Michigan Department of Labor and Economic Growth:			
Food Assistance Employment and Training	10.561	AY-07	248,475
Passed-through Valley Area Agency of Aging:			
Food Donation	10.550		239,068
Total U.S. Department of Agriculture			<u>3,776,360</u>
U.S. Department of Commerce:			
Direct Program:			
Economic Development Administration Revolving Loan Program	11.307		-
Total U.S. Department of Commerce			<u>-</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grant Program	14.218	B-02-UC-26-0001	8,704
Community Development Block Grant Program	14.218	B-04-UC-26-0001	159,562
Community Development Block Grant Program	14.218	B-05-UC-26-0001	993,891
Community Development Block Grant Program	14.218	B-06-UC-26-0001	730,385
Community Development Block Grant Program	14.218	B-07-UC-26-0001	20,259
Emergency Shelter Grants Program	14.231	S-05-UC-26-0001	242
Emergency Shelter Grants Program	14.231	S-06-UC-26-0001	74,256
Emergency Shelter Grants Program	14.231	S-07-UC-26-0001	19,748
HUD Shelter Plus Care Program	14.238	MI28C105006	506,633
HUD Shelter Plus Care Program	14.238	MI28C605006	36,740
HOME Program	14.239	M-00-UC-26-0205	35,171
HOME Program	14.239	M-02-UC-26-0205	35,630
HOME Program	14.239	M-03-UC-26-0205	2,229
HOME Program	14.239	M-04-UC-26-0205	81,174
HOME Program	14.239	M-05-UC-26-0205	506,638
HOME Program	14.239	M-06-UC-26-0205	683,948
HOME Program	14.239	M-07-UC-26-0205	2,751
Passed-through the Michigan Department of Community Health:			
Housing Opportunities for Persons with AIDS - supportive housing	14.241	MI28H95 FO36	137,116
Passed-through Metro Housing Partnership:			
Supportive Housing Program	14.235	MI28B305002R	191,066
Supportive Housing Program	14.235	MI28B305004R	33,719
Supportive Housing Program	14.235		17,043
Supportive Housing Program	14.235	MI28B505004	69,471
Supportive Housing Program	14.235	MI28B605005	13,992
Supportive Housing Program	14.235	MI28B605003	77,836
Total U.S. Department of Housing and Urban Development			4,438,204

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
U.S. Department of Justice:			
Direct Programs:			
Bryne Memorial Justice Assistance Grant	16.738	SCAO 2007-004	130,000
Drug Court Discretionary Grant	16.585	2005 - DC-BX-0014	136,721
Passed-through the Michigan Department of Community Health:			
VOCA - Victims of Crime Act	16.575	20545-6V01	50,028
Byrne Formula Grant Program	16.579	9XDBVX0026	77,852
Passed-through the Michigan Department of Family Independence Agency:			
Disproportionate Minority	16.540	43IN7200787	174,276
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-05-25001	27,858
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-06-25001	19,392
Total U.S. Department of Justice			<u>616,127</u>
U.S. Department of Labor:			
Passed-through the Michigan Department of Labor and Economic Growth:			
Employment Service	17.207	AY-07	324,906
Employment Service	17.207	AY-06	704,674
Trade Adjustment Assistance	17.245	AY-07	1,468,830
WIA Work Incentive Grant	17.266	AY-07	7,816
WIA Work Incentive Grant	17.266	AY-06	25,102
Total U.S. Department of Labor			<u>2,531,328</u>
U.S. Department of Transportation:			
Direct Program:			
Motor Carrier Grant	20.Unknown		35,145
Total U.S. Department of Labor			<u>35,145</u>
Environmental Protection Agency:			
Direct Programs:			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96569101-0	2,528
Passed-through Michigan Department of Environmental Quality:			
Small Water Systems - Operator Certification Expense	66.471	PCA 41813	15,800
Total Environmental Protection Agency			<u>18,328</u>

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
U.S. Department of Energy:			
Passed-through the Michigan Family Independence Agency:			
Weatherization Assistance Program	81.042	DOE-03-25012	182,846
Weatherization Assistance Program	81.042	DOE-04-25012	531,059
FEMA	83.523		<u>64,757</u>
Total U.S. Department of Energy			<u>778,662</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Head Start	93.600		11,588,289
Head Start	93.600		2,082,878
Head Start	93.600		134,973
Head Start	93.600		7,486
Head Start	93.600		152,767
Head Start	93.600		1,153,067
Oral Health Grant 06	93.600		8,341
Oral Health Grant 06/07	93.600		74,857
Early Head Start	93.600		32,165
REACH	93.945	U50/CCU522205-04	863,326
Healthy Start	93.926	H49MC00148-05-00	526,676
Healthy Start (Initiative on Infant Mortality)	93.926	U19MC3180	105,063
Passed-through the Michigan Department of Labor and Economic Growth:			
TANF - Work First	93.558	AY-07	7,032,510
TANF	93.558	TANF-07-25012	124,296
Temporary Assistance to Needy Families	93.558	DEL-04-25001	163,862
Passed-through the Michigan Departments of Community Health, Mental Health, and Family Independence Agency:			
Project Grants and Cooperative Agreements for TB Control	93.116	U52 CCU500499	28,870
Immunization - IAP	93.268	H23 CCH522556	218,639
Immunization - Vaccines	93.268	H23 CCH522556	2,638,844

# Genesee County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2007

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures (Adjustments)
Centers for Disease Control and Prevention - Breast & Cervical Cancer Bioterrorism Supplemental	93.283	U58 CCU52282601	60,000
Bioterrorism Supplemental	93.283	CCU517018	149,597
Bioterrorism Supplemental (Focus A)	93.283	CCU517018	264,268
Breast and Cervical Cancer Control Program (Coordination)	93.283	U57 CCU506738	66,445
Breast and Cervical Cancer Control Program (Family Planning)	93.283	U57 CCU506738	7,200
Breast and Cervical Cancer Control Program (Wise Women Coord.)	93.283	U58 CCU522826 01	17,639
Family Planning Services	93.217	05H000173	188,490
FIA Child Support Enforcement -Title IV-D	93.563	CSFOC-06-25001	5,436,766
FIA Child Support Enforcement -Title IV-D - incentive	93.563	CSFOC-06-25001	753,086
FIA Child Support Enforcement-Title IV-D	93.563	CSPA-06-25002	1,220,819
Low Income Home Energy Assistance	93.568	LIHEAP-04-25012	54,690
Community Service Block Grants	93.569	CSBG-06-25012	1,045,718
Community Service Block Grants	93.569	CSBG-F-07-25012	10,000
Community Service Block Grants	93.569	CSBG-D-07-25012	1,552
Special Programs for the Aging - Title III OC	93.635	SF-03	627,061
Child Abuse and Neglect	93.658	PROFC-05-25001-3	65,514
Medical Assistance Program - case management services	93.778	5XX05MI5048	145,281
Preventive Health and Health Services Block Grant (STD)	93.991	B1 MI PRVS	18,165
Maternal and Child Health Services Block Grant	93.994	B1MIMCHS	216,977
Maternal and Child Health Services Block Grant - Family Planning	93.994	B1MIMCHS	88,547
Maternal and Child Health Services Block Grant - Local MCH	93.994	B1MIMCHS	25,427
Maternal and Child Health Services Block Grant - case management services	93.994	B1MIMCHS	83,056
STD Accelerated Prevention Campaign	93.977	H25 CCH504341	37,634
AIDS/HIV Prev. Counseling & Testing	93.940	U62-CCU52346401	77,427
Total U.S. Department of Health and Human Services			<u>37,598,268</u>
Total Federal Financial Assistance			<u>\$ 62,045,158</u>

# Genesee County

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Genesee County and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

**Summary of Noncash Assistance** - The grantee received the following noncash assistance during the year ended September 30, 2007 that is not included on the schedule of expenditures of federal awards:

Immunizations	\$2,638,844
Food commodities	1,350,308

### Note 3 - Expenditures

"Expenditures" includes all accrual basis federal expenditures that result in the receipt of federal monies associated with the project as well as expenditures of program income.

### Note 4 - Subrecipient Awards

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

	<u>Amount</u>
Workforce Investment Act	\$ 9,032,101
Community Development Block Grant Program	681,711
Emergency Shelter Grants Program	70,166
HOME Program	1,191,470
Employment Service	1,029,580
Trade Adjustment Assistance	1,468,830
Headstart	8,046,825
TANF	7,032,510

# **Genesee County**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended September 31, 2007**

### **Note 5 - Economic Development Administration Revolving Loan Program**

At December 31, 2007 the Economic Development Corporation of Genesee County has a business loan portfolio of \$ 181,163, net of estimated reserve and cash and investment holdings of \$964,394. All current year expenditures were funded via program income.

# Genesee County

## Schedule of Findings and Questioned Costs Year Ended September 30, 2007

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

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?  Yes  No
- Significant deficiency 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 program(s):

- Material weakness identified?  Yes  No
- Significant deficiency identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major program: 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	Community Development Block Grant Program
17.258, 17.59, 17.260	WIA Cluster
93.600	Headstart
93.558	TANF
93.268	Immunizations
93.563	Child Support Enforcement

Dollar threshold used to distinguish between type A and type B programs: \$1,861,355

Auditee qualified as low risk auditee?  Yes  No

See Notes to Schedule of Expenditures of Federal Awards. 15

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2007

### Section II - Financial Statement Audit Findings

Reference Number	Findings
07-01	<p>Blue Cross Blue Shield Annual Plan Settlement</p> <p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - Settlement payment was not accrued at September 30, 2007</p> <p><b>Condition</b> - The County did not accrue the Blue Cross Blue Shield (BCBS) annual settlement payment at year end.</p> <p><b>Context</b> - The annual payment received after year end was not accrued at September 30, 2007, the payment amounted to \$945,000.</p> <p><b>Effect</b> - The financial statements did not correctly reflect the receivable.</p> <p><b>Cause</b> - Communication between the Controller's office and Human Resource Department was lacking regarding follow up on any potential BCBS refunds.</p> <p><b>Recommendation</b> - The County Controller's office work with Human Resources at or near year end to determine if a refund payment is applicable and record the payment as a receivable.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Genesee County has changed the methodology that will be used for the reconciliation of the claims experience with the health insurance premiums for Blue Cross/Blue Shield. In the future, the difference between the claims experience and the premiums will be utilized to adjust the premiums (either up or down) for Blue Cross/Blue Shield health insurance for the upcoming fiscal year. Accordingly, there will no longer be any refunds and the adjustments to the premiums will be made at the renewal date of June 1<sup>st</sup>.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2007

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

Reference Number	Findings
07-02	<p>Michigan Tax Tribunal Adjustments</p> <p><b>Finding Type</b> - Material Weakness</p> <p><b>Criteria</b> - Michigan Tax Tribunal Adjustments resulting in refunds and other tax refunds</p> <p><b>Condition</b> - The County did not accrue liability for the payout of Michigan tax tribunal adjustments or the liability for the overpayment of taxes for a local unit.</p> <p><b>Context</b> - The tax revenue was overstated based on the Michigan tax tribunal adjustments and other tax refunds.</p> <p><b>Effect</b> - The financial statements did not correctly reflect the liability.</p> <p><b>Cause</b> - Communication between the County Controller's office and the Treasurer's office was limited regarding any large refunds near year end that would possibly affect the amount of tax revenue to recognize for the fiscal year.</p> <p><b>Recommendation</b> - The County Controller's office work with Treasurer's office to determine if large refunds or Michigan Tax Tribunal Adjustments exist after year end that would affect the year end.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The tax tribunal refunds that were issued by the Treasurer's Office were issued at the very beginning of the next fiscal year. These are not payments that are based on a regular schedule but instead are payments that are required within twenty days of the findings of the Michigan Tax Tribunal. In the past, any payments that may have occurred at the very beginning of the fiscal year were immaterial and had no effect on the financial statements. In the 06/07 fiscal year, the amount of the refunds was very large and accordingly was material to the financial statements. To prevent the possibility of any payments being made for a Michigan Tax Tribunal Refund at the beginning of the new fiscal year that should be a liability of the previous year, the Controller's Office will work with the Treasurer's Office to properly record any and all MTT payments as an expense or reduction in revenue in the proper fiscal year.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2007

### Section III - Federal Program Audit Findings

Reference Number	Findings
07-03	<p>Monitoring of Subrecipients</p> <p><b>Program Name</b> - Workforce Investment Act (17.258, 17.259, 17.260), Temporary Assistance for Needy Families (93.558)</p> <p><b>Pass-through Entity</b> - Michigan Department of Labor and Economic Growth</p> <p><b>Finding Type</b> – Significant deficiency and noncompliance</p> <p><b>Criteria</b> – Subrecipient monitoring should include review of all other grantor monitoring activities undertaken during the period and review for any follow up on issues noted.</p> <p><b>Condition</b> - The County did not incorporate a review of the State of Michigan Department of Labor and Economic Development’s (DLEG) on-site monitoring of the County’s main subrecipient, Career Alliance, Inc.. During the year ended June 30, 2007 the DLEG disallowed \$507,000 of costs related to Career Alliance Inc.’s program. The County relied on other procedures to try to monitor Career Alliance, Inc.’s activities which disclosed no instances of non-compliance.</p> <p><b>Questioned Costs</b> - A questioned cost amount was indeterminable.</p> <p><b>Context</b> - For the grant ending June 30, 2007, costs totaling approximately \$507,000 were disallowed by the DLEG. The County and Career Alliance, Inc. are currently negotiating other “stand-in” costs amounting to over \$700,000 that would offset the payment of the \$507,000 back to the DLEG and federal government. .</p> <p><b>Cause and Effect</b> - Without incorporation of all sources of information relative to monitoring activities disallowances could occur and not be noted.</p> <p><b>Recommendation</b> - The County should incorporate the State DLEG monitoring activities into the County’s monitoring activities for possible follow up on non-compliances.</p>

# Genesee County

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2007

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

Reference Number	Findings
07-03 (Continued)	<p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County has significantly altered the monitoring and compliance activities that the Grant recipient performs regarding the Career Alliance organization. These changes are a direct result of the issues surrounding the current single audit report as well as the monitoring findings from the State of Michigan. To prevent these situations from occurring in the future, the County will be performing the following:</p> <ol style="list-style-type: none"><li>1. Significantly increase the amount of time reviewing and monitoring the Career Alliance Organization</li><li>2. Focus the monitoring activities of the County on higher risk areas (accounting, budget, accounts payable) as well as continuing to be involved in the monitoring of the subrecipients</li><li>3. Participate in the timely response to every monitoring finding from the State of Michigan or Federal Government as well as participate in any audit resolution issues</li><li>4. Attend all Career Alliance Finance Committee and Board Meetings to assure the County is well informed of all financial matters related to Career Alliance.</li></ol>