

**Road Commission of
Macomb County**

**Federal Awards
Supplemental Information
September 30, 2008**



Road Commission of Macomb County

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Independent Auditor's Report

To the Board of Road Commissioners
Road Commission of Macomb County

We have audited the financial statements of the governmental activities, the Road Fund (the Road Commission's only major fund), and the aggregate remaining fund information of the Road Commission of Macomb County (the "Road Commission") as of and for the year ended September 30, 2008, which collectively comprise the Road Commission of Macomb County's basic financial statements, and have issued our report thereon dated January 7, 2009. Those basic financial statements are the responsibility of the management of the Road Commission of Macomb 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 Road Commission of Macomb 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

January 7, 2009



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 of Road Commissioners
Road Commission of Macomb County

We have audited the financial statements of the governmental activities, the Road Fund (the Road Commission's only major fund), and the aggregate remaining fund information of the Road Commission of Macomb County as of and for the year ended September 30, 2008, which collectively comprise the Road Commission of Macomb County's basic financial statements, and have issued our report thereon dated January 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Road Commission of Macomb County's internal control over financial reporting as a basis for designing our auditing procedures 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 Road Commission of Macomb County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Road Commission of Macomb County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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 control.

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 internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.



To the Board of Road Commissioners
Road Commission of Macomb County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Road Commission of Macomb 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*.

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

Plante & Moran, PLLC

January 7, 2009



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 of Road Commissioners
Road Commission of Macomb County

Compliance

We have audited the compliance of the Road Commission of Macomb 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 its major federal program for the year ended September 30, 2008. The major federal program of the Road Commission of Macomb County is 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 its major federal program is the responsibility of the Road Commission of Macomb County's management. Our responsibility is to express an opinion on the Road Commission of Macomb 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 the Road Commission of Macomb 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 Road Commission of Macomb County's compliance with those requirements.

In our opinion, the Road Commission of Macomb County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-1.



To the Board of Road Commissioners
Road Commission of Macomb County

Internal Control Over Compliance

The management of the Road Commission of Macomb 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 the Road Commission of Macomb 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 Road Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a 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.

The Road Commission of Macomb 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 Road Commission of Macomb County's response and, accordingly, we express no opinion on it.



To the Board of Road Commissioners
Road Commission of Macomb County

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

Plante & Moran, PLLC

January 7, 2009



Road Commission of Macomb County

Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation - Federal Highway Administration - Passed through the Michigan Department of Transportation - Highway Planning and Construction Cluster	20.205	\$ 1,330,276	\$ 1,330,276



Road Commission of Macomb County

Note to Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Road Commission of Macomb 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.



Road Commission of Macomb County

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

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 program(s):

- 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 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 program:

CFDA Number	Name of Federal Program or Cluster
20.205	U.S. Department of Transportation - Federal Highway Administration - Passed through Michigan Department of Transportation - Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No



Road Commission of Macomb County

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section II - Financial Statement Audit Findings

None.

Section III - Federal Program Audit Findings

Reference Number	Findings
2008-1	<p>Program Name - U.S. Department of Transportation - Federal Highway Administration - Passed through Michigan Department of Transportation - Highway Planning Construction Cluster (CFDA #20.205)</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - The Davis-Bacon Act requires records be kept of employee interviews for work performed by contractors/subcontractors on federally funded projects to verify the rate of pay submitted for reimbursement are the actual rates earned by the employee and are in compliance with prevailing wage rates.</p> <p>Condition and Context - During the audit, we selected a sample of eleven payroll records and noted wage rate interview forms were not retained in three instances within the sample tested.</p> <p>Questioned Costs - None</p> <p>Cause and Effect - There is currently not a system in place to verify that all wage rate interviews have been performed with each of the contractors/subcontractors performing work on federally funded projects.</p> <p>Recommendation - We recommend that a system be established to ensure that wage rate interviews are performed on an annual basis and appropriate records are retained.</p> <p>Views of Responsible Officials - The Commission is aware of the importance of the requirements of the Davis-Bacon Act and will institute a system to ensure wage rate interviews are appropriately performed for federally funded projects. The Commission is also aware of the importance of document retention and will ensure that interview records are properly documented and retained.</p>





