

**MACOMB COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2009

**MACOMB COUNTY, MICHIGAN
SINGLE AUDIT**

TABLE OF CONTENTS

YEAR ENDED DECEMBER 31, 2009

	<u>Page</u>
Single Audit Section	
Schedule of Expenditures of Federal Awards	1-5
Notes to Schedule of Expenditures of Federal Awards	6
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	9-10
Independent Auditors' Report on Schedule of Expenditures of Federal Awards.....	11
Schedule of Findings and Questioned Costs	12-18
Supplementary Information	
Substance Abuse Disorder Services Schedules	
Schedule of Budgeted, Reported, and Audited Amounts	19
Schedule of Expenditures and Funding Sources by Program.....	20-21

MACOMB COUNTY MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U. S. DEPARTMENT OF AGRICULTURE				
Direct Program -				
USDA Commodities - Food Donations	10.550	10/01/08	09/30/09	\$ 29,271
Passed Through Area Agency on Aging 1-B:				
Home Delivered Meals - USDA	10.558	10/01/08	09/30/09	275,956
Congregate Nutrition Program	10.558	10/01/08	09/30/09	70,727
Passed Through Michigan Department of Community Health -				
WIC - Special Supplemental Nutrition For Infants And Children	10.557	10/01/08	09/30/09	1,163,267
Passed Through Michigan Department of Education:				
National School Breakfast	10.553	10/01/08	09/30/09	52,328
National School Lunch	10.555	10/01/08	09/30/09	80,719
Head Start - Children Meals Program	10.558	09/01/08	08/31/09	378,521
ARRA - TEFAP 2009	10.568	10/01/08	09/30/09	35,934
TEFAP Surplus Food Assistance - Administration	10.568	10/01/08	09/30/09	103,367
TEFAP Surplus Food Assistance - Commodities	10.569	10/01/08	09/30/09	541,135
Passed Through Michigan Department of Energy, Labor and Economic Growth:				
Food Assistance and Employment Training - Operations	10.561	10/01/08	09/30/09	136,945
Food Assistance and Employment Training - Support Services	10.561	10/01/08	09/30/09	7,050
Passed Through Kansas State University -				
Operation Military Kids	10.500	10/01/08	09/30/09	13,399
Total U. S. Department of Agriculture				2,888,619
U. S. DEPARTMENT OF COMMERCE				
Passed Through Michigan Department of State Police -				
2007 Public Safety Interoperable Communications Grant (R2-01)	11.555	10/01/07	06/30/10	66,748
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Neighborhood Stabilization Program	14.218	01/01/09	12/31/09	1,340,373
Community Development Block Grant (B-07-UC-26-0005)	14.218	01/01/09	12/31/09	427,585
Community Development Block Grant (B-08-UC-26-0005)	14.218	01/01/09	12/31/09	644,023
HUD Homeless	14.235	10/01/08	09/30/09	14,783
Home Investment Partnership (M-05-UC-26-0209)	14.239	01/01/09	12/31/09	11,859
Home Investment Partnership (M-06-Dc-26-0209)	14.239	01/01/09	12/31/09	93,344
Home Investment Partnership (M-07-Dc-26-0209)	14.239	01/01/09	12/31/09	499,053
Passed Through other than State of Michigan:				
Warren Housing	14.218	10/01/08	09/30/09	4,174
Housing Inspections	14.218	10/01/08	09/30/09	150,520
CSA Chore Services - Cities	14.219	10/01/08	09/30/09	124,058
Continuum Care	14.219	07/01/08	06/30/09	35,350
Total U. S. Department of Housing and Urban Development				3,345,122
U. S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Comm Orientated Policing Tech Prgm Grant (2008CKWX0491)	16.710	12/26/07	12/25/10	786,058
Comm Orientated Policing Tech Prgm Grant (2008CKWX0492)	16.710	12/26/07	12/25/10	270,996
Comm Orientated Policing Tech Prgm Grant (2008CKWX0493)	16.710	12/26/07	12/25/10	140,292
JAG (2009-DJ-BX-0167)	16.738	10/01/08	09/30/12	152,552
ARRA - JAG (2009-SB-B9-0563)	16.804	10/01/08	09/30/12	842,907
Passed Through Michigan Family Independence Agency -				
Juvenile Accountability Incentive Block Grant	16.523	04/01/08	03/31/09	28,955
Passed Through Michigan Department of Community Health:				
Anti - Drug Abuse	16.738	10/01/08	09/30/09	45,400
Street Level Enforcement Team	16.738	10/01/08	09/30/09	29,729
Domestic Violence Victim Advocate	16.575	10/01/08	09/30/09	151,588

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MACOMB COUNTY MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U. S. DEPARTMENT OF JUSTICE (CONCLUDED)				
Passed Through Michigan Department of State Police - Youth Alcohol Enforcement	16.727	10/01/08	09/30/09	\$ 41,528
Passed Through Michigan Department of Human Services - Disproportionate Minority Contract	16.540	10/01/08	09/30/09	<u>181,503</u>
Total U. S. Department of Justice				<u>2,671,508</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed Through Michigan Department of State Police - High Intensity Drug Trafficking Area Program (HIDTA)	07.000	01/01/09	12/31/09	<u>96,957</u>
U. S. DEPARTMENT OF LABOR				
Passed Through Michigan Department of Energy, Labor and Economic Growth:				
ARRA - Reemployment Services	17.207	01/01/09	12/31/09	416,783
Wagner - Peyser - 7A - Michigan National Career Readiness Cert.	17.207	01/01/09	12/31/09	12,486
Wagner - Peyser - 7A - Employment Services	17.207	01/01/09	12/31/09	1,629,398
Trade Adjustment Assistance	17.245	10/01/08	09/30/09	6,266,714
Workforce Investment Act - Adult	17.258	01/01/09	12/31/09	9,124,769
ARRA - NWLB - Support	17.258	01/01/09	12/31/09	46,862
ARRA - Adult	17.258	01/01/09	12/31/09	2,117,959
ARRA - Local Administration	17.258	01/01/09	12/31/09	54,263
WIA Statewide - One Stop Operation	17.258	01/01/09	12/31/09	139,946
WIA Statewide - Capacity Building	17.258	01/01/09	12/31/09	6,139
WIA - Local Administration	17.258	01/01/09	12/31/09	196,169
WIA Statewide - Work First Support	17.258	01/01/09	12/31/09	57,486
Career Transition Program	17.258	01/01/09	12/31/09	97
WIA Career Advancement Statewide Match	17.258	01/01/09	12/31/09	105,040
Workforce Investment Act - Youth	17.259	01/01/09	12/31/09	3,924,048
ARRA - NWLB - Support	17.259	01/01/09	12/31/09	50,123
ARRA - Local Administration	17.259	01/01/09	12/31/09	58,038
WIA Statewide - One Stop Operation	17.259	01/01/09	12/31/09	149,685
WIA Statewide - Capacity Building	17.259	01/01/09	12/31/09	6,566
WIA - Local Admin	17.259	01/01/09	12/31/09	209,820
WIA Statewide - Work First Support	17.259	01/01/09	12/31/09	61,487
Career Transition Program	17.259	01/01/09	12/31/09	104
WIA Career Advancement Statewide Match	17.259	01/01/09	12/31/09	112,349
ARRA - Youth	17.259	01/01/09	12/31/09	5,122,855
Workforce Investment Act - Dislocated Workers	17.260	01/01/09	12/31/09	7,909,929
ARRA - NWLB - Support	17.260	01/01/09	12/31/09	86,213
ARRA - Local Administration	17.260	01/01/09	12/31/09	99,828
WIA Statewide - One Stop Operation	17.260	01/01/09	12/31/09	257,462
WIA - Incumbent Worker	17.260	01/01/09	12/31/09	227,796
ARRA - WIA - National Emergency Grant - Dislocated Worker	17.260	01/01/09	12/31/09	1,285,738
WIA Statewide - Capacity Building	17.260	01/01/09	12/31/09	11,294
WIA - Local Administration	17.260	01/01/09	12/31/09	360,896
WIA Statewide - Work First Support	17.260	01/01/09	12/31/09	105,759
ARRA - Dislocated Worker	17.260	01/01/09	12/31/09	2,461,182
WIA - National Emergency Grant	17.260	01/01/09	12/31/09	473,620
WIA Dislocated Worker - No Worker Left Behind	17.260	01/01/09	12/31/09	76,417
Career Transition Program	17.260	01/01/09	12/31/09	179
WIA Dislocated Worker - Career Advancement	17.260	01/01/09	12/31/09	526,651
WIA Career Advancement Statewide Match	17.260	01/01/09	12/31/09	193,243
WIA - Disability Navigator	17.266	01/01/09	12/31/09	57,349

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MACOMB COUNTY MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U. S. DEPARTMENT OF LABOR (CONCLUDED)				
Passed Through Michigan Office of Services to the Aging:				
Senior Community Service Employment Program	17.235	01/01/09	12/31/09	\$ 638,328
ARRA - Senior Community Service Employment Program	17.235	01/01/09	12/31/09	74,451
Total U. S. Department of Labor				44,715,521
U. S. DEPARTMENT OF TRANSPORTATION				
Passed Through Michigan Department of State Police:				
Drive Michigan Safely Task Force	20.609	10/01/08	09/30/09	325,089
Operation Nightcap & Belt Enforcement - Equipment	20.609	10/01/08	09/30/09	4,000
Hazardous Materials Emergency Preparedness	20.703	10/01/08	09/30/09	5,023
Passed Through Michigan Department of Transportation -				
Macomb Orchard Trail Phase II & III	20.205	01/01/09	12/31/09	82,964
Total U. S. Department of Transportation				417,076
U. S. DEPARTMENT OF TREASURY				
Passed Through Michigan Department of Energy, Labor and Economic Growth:				
Foreclosure Mitigation	21.021	10/01/08	06/30/09	71,000
MSHDA 3	21.021	01/01/09	12/31/09	200,450
Total U. S. Department of Treasury				271,450
U. S. SMALL BUSINESS CENTER				
Direct Programs:				
SBA Incubator	59.000	08/01/08	07/31/10	121,279
Small Business Tech & Development Center	59.037	01/01/09	12/31/09	200,000
Total U. S. Small Business Center				321,279
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Drinking Water Protection	66.469	10/01/08	09/30/09	18,235
EPA Assess Brownfield - Petroleum (BF00E82401-0)	66.818	02/01/09	01/31/12	17,595
EPA Assess Brownfield - Hazardous (BF0082501-0)	66.818	02/01/09	01/31/12	74,010
EPA Assess Brownfield - Hazardous (BF96584801)	66.818	02/01/06	02/28/09	35,103
Passed Through Michigan Department of Environmental Quality:				
Beach Monitoring and Notification	66.427	10/01/08	09/30/09	9,388
State Clean Water and/or Drinking Water Revolving Fund	66.458	10/01/08	09/30/09	279,287
Non-Community (TYPE II) Water-Capacity Development	66.468	10/01/08	09/30/09	150
Non-Community Water - Operator Certification	66.471	10/01/08	09/30/09	1,531
Passed Through Michigan Department of Agriculture -				
Clean Sweep Pesticide Collection Program	66.801	10/01/08	09/30/09	10,674
Total U. S. Environmental Protection Agency				445,973
U. S. DEPARTMENT OF ENERGY				
Passed Through Michigan Family Independence Agency:				
Weatherization	81.042	04/01/08	03/31/09	670,644
ARRA - Weatherization	81.042	04/01/09	12/31/09	404,177
Total U. S. Department of Energy				1,074,821

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MACOMB COUNTY MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct Program -				
Head Start	93.600	09/01/08	08/31/09	\$ 5,375,343
Passed Through Area Agency on Aging 1-B:				
Senior Citizen Chore Services	93.044	10/01/08	09/30/09	83,998
Title III Outreach/Resource Advocacy	93.044	10/01/08	09/30/09	60,538
Legal Assistance	93.044	10/01/08	09/30/09	36,997
Home Injury Control	93.044	10/01/08	09/30/09	23,577
Congregate Nutrition Programs	93.045	10/01/08	09/30/09	416,732
Home Delivered Meals	93.045	10/01/08	09/30/09	721,825
Passed Through Michigan Department of Community Health:				
Bioterrorism - Pandemic Flu Supplemental	93.069	10/01/08	09/30/09	66,269
TB Control, Directly Observed Therapy	93.116	10/01/08	09/30/09	30,695
Minturn Homeless Project	93.150	10/01/08	09/30/09	65,200
Macomb Homeless Project - (PATH)	93.150	10/01/08	09/30/09	31,273
Family Planning - General Services	93.217	10/01/08	09/30/09	164,462
Immunizations - IAP	93.268	10/01/08	09/30/09	340,181
VFC/AFIX - Provider Site Visits	93.268	10/01/08	09/30/09	13,500
Immunization - Nurse Training	93.268	10/01/08	09/30/09	6,150
Immunization Grants	93.268	10/01/08	09/30/09	981,247
VFC - Provider Site Visits	93.268	10/01/08	09/30/09	1,350
Bioterrorism - Focus A	93.283	10/01/08	09/30/09	339,903
Cities Readiness Initiative	93.283	10/01/08	09/30/09	178,823
Bioterrorism - EWIDS	93.283	10/01/08	09/30/09	25
Child Care Consultation Grant	93.575	10/01/08	09/30/09	70,743
MI Child	93.767	10/01/08	09/30/09	254,121
MI Child - Substance Abuse	93.767	10/01/08	09/30/09	14,039
Adult Benefits Waiver	93.767	10/01/08	09/30/09	146,903
CSHCS Care Coordination	93.778	10/01/08	09/30/09	32,541
Infant Mortality Coalition Support	93.778	10/01/08	09/30/09	40,320
Medicaid Outreach Activities Reimbursement	93.778	10/01/08	09/30/09	63,070
OBRA Assessment	93.778	10/01/08	09/30/09	289,025
CSHCS Outreach Advocacy	93.778	10/01/08	09/30/09	59,535
Fetal Infant Mortality Review	93.926	10/01/08	09/30/09	3,780
AIDS / HIV Prevention	93.940	10/01/08	09/30/09	163,578
Housing Resource Center	93.958	10/01/08	09/30/09	50,000
Coordinated Homeless Housing Resource Center	93.958	10/01/08	09/30/09	59,164
Juvenile Justice Grant	93.958	10/01/08	09/30/09	25,221
Development of a Consumer Cooperative	93.958	10/01/08	09/30/09	6,266
Family Psycho-education	93.958	10/01/08	09/30/09	87,178
Reunification after Foster Care for Children with SED	93.958	10/01/08	09/30/09	16,271
Alcohol/Drug Abuse Mental Health Block Grant	93.959	10/01/08	09/30/09	2,992,654
Sexually Transmitted Disease - STD Control	93.991	10/01/08	09/30/09	44,186
CSHCS Outreach & Advocacy Reg Allocation	93.994	10/01/08	09/30/09	61,150
SIDS Counseling	93.994	10/01/08	09/30/09	510
Local MCH Program - Child Health	93.994	10/01/08	09/30/09	52,464
Local MCH Program - Family Planning	93.994	10/01/08	09/30/09	142,112
SIDS Autopsies	93.994	10/01/08	09/30/09	3,200
Passed Through Michigan Family Independence Agency:				
Earned Income Tax Credit (TANF-E)	93.558	01/15/09	06/30/09	19,250
Temporary Assistance for Needy Families (TANF)	93.558	10/01/08	09/30/09	88,670
Cooperative Reimbursement Program - Incentive	93.563	10/01/08	09/30/09	981,612
Prosecuting Attorney - Child Support Enforcement	93.563	10/01/08	09/30/09	758,271
Friend of the Court - IV D Program	93.563	10/01/08	09/30/09	5,827,524
LIHEAP-LCA Deliverable Fuels	93.568	02/01/09	09/30/10	9,307
LIHEAP	93.568	04/01/08	03/31/09	143,500
CAA Administration	93.569	10/01/08	09/30/09	114,042
General Community Programming	93.569	10/01/08	09/30/09	764,809
CSBG - Discretionary EITC	93.569	10/01/08	09/30/09	15,000
Child Care Development Block Grant	93.575	10/01/08	09/30/09	65,733
Community Coordinated Child Care	93.596	10/01/08	09/30/09	372,971

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MACOMB COUNTY MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (CONCLUDED)				
Passed Through Michigan Department of Energy, Labor and Economic Growth:				
Workfirst TANF - Jobs Education and Training	93.558	10/01/08	09/30/09	\$ 3,808,571
Workfirst TANF "C" Supportive Services	93.558	10/01/08	09/30/09	74,999
Jobs Education and Training Plus - Community Outreach	93.558	10/01/08	09/30/09	205,571
Jobs Education and Training - Campus Centered	93.558	10/01/08	09/30/09	402,760
Passed Through State Court Administrative Office -				
Access and Visitation Grant	93.563	10/01/08	09/30/09	<u>13,680</u>
Total U. S. Department of Health and Human Services				<u>27,282,389</u>
U. S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Passed Through Michigan Community Service Commission:				
Teen Peer Mentoring	94.006	10/01/08	09/30/09	9,789
Supplemental Teen Peer Mentoring	94.006	10/01/08	04/30/09	<u>12,576</u>
Total U. S. Corporation for National and Community Services				<u>22,365</u>
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Michigan Department of State Police:				
Emergency Management Performance Grant	97.042	10/01/08	09/30/09	29,317
2006 Homeland Security Grant	97.067	07/01/06	12/31/09	170,581
2007 Homeland Security Grant SHSGP	97.067	07/01/07	03/31/10	22,434
2007 Homeland Security Grant UASI	97.067	07/01/07	03/31/10	210,427
2007 Citizen Corps Program	97.067	10/01/09	03/31/10	1,128
2008 Homeland Security Grant - UASI	97.067	09/01/08	05/31/11	87,500
LETPP 05/07	97.067	01/01/08	12/31/08	125,033
Passed Through United Way:				
ARRA - Emergency Food & Shelter	97.114	01/01/09	12/31/09	166,909
Emergency Food & Shelter	97.024	01/01/09	12/31/09	<u>576,084</u>
Total U.S. Department of Homeland Security				<u>1,389,413</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 85,009,241</u>

See the accompanying notes to this schedule.

MACOMB COUNTY, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Macomb County, Michigan (the "County") and is presented on the modified accrual basis of accounting.

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.

2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Food Assistance & Employment Training	10.561	\$ 133,552
Community Development Block Grant	14.218	1,011,175
Youth Alcohol Enforcement	16.727	15,341
ARRA-Edward Byrne Memorial JAG	16.804	630,612
Wagner Peyser 7(a) Employment Services	17.207	1,252,314
Senior Title V	17.235	49,959
Trade Adjustment Assistance	17.245	156,127
Workforce Investment Act - Adult	17.258	2,604,704
Workforce Investment Act - Youth	17.259	4,255,780
Workforce Investment Act - Dislocated Workers	17.260	2,933,893
Drive Michigan Safely Task Force	20.609	244,654
MI CHILD – Children’s Health Insurance Program	93.767	14,039
Adult Benefit Waiver – Medical Assistance Program	93.778	146,903
Substance Abuse Block Grant	93.959	3,277,917

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**INDEPENDENT AUDITORS' 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***

June 30, 2010

To the Board of Commissioners
of Macomb County
Mount Clemens, 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 *Macomb County, Michigan* (the "County"), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2010. We did not audit the financial statements of the Macomb County Road Commission, which represents 69.0% of the assets and 41.5% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinions, insofar as they relate to the amounts included for the Macomb County Road Commission, are based solely on the reports 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Macomb 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 and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated June 30, 2010.

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

This report is intended solely for the information and use of the budget committee, management and 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.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

September 14, 2010

To the Board of Commissioners
of Macomb County
Mount Clemens, Michigan

Compliance

We have audited the compliance of *Macomb 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 are applicable to each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Macomb County Road Commission, which expended \$2,836,253 in federal awards, which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2009. Our audit, described below, did not include the operations of the Macomb County Road Commission because an audit in accordance with OMB Circular A-133 for those activities was performed by other auditors and a separate report was issued.

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 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 County's compliance with those requirements.

In our opinion, the 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 December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which 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 2009-3.

Internal Control Over Compliance

The management of the 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 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 County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of the budget committee, management, 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.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2010

To the Board of Commissioners
of Macomb County
Mount Clemens, 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 the County, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and supplementary information listed in the table of contents are presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

Our report includes a reference to other auditors.



MACOMB COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiencies identified
not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified
not considered to be material weaknesses? yes X none reported

Type of auditors’ report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? X yes no

MACOMB COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONCLUDED)

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants
16.804	ARRA-Edward Byrne Memorial JAG
17.245	Trade Adjustment Assistance
17.258, 17.259 & 17.260	WIA Adult, Youth & Dislocated Workers
93.563	Child Support Enforcement
93.959	Substance Abuse
97.024 & 97.114	Emergency Food and Shelter Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$2,550,277

Auditee qualified as low-risk auditee? _____ yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

2009-1 Material Audit Adjustments

Finding type: Material weakness in internal controls over financial reporting.

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (“GAAP”).

Condition/Finding: During our audit, we identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the County’s financial statements.

Cause: Internal controls did not detect certain adjustments necessary to properly record year-end balances. In other cases, adjustments were necessary because management had interpreted professional pronouncements differently than our firm and after discussion agreed with our interpretation.

MACOMB COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

2009-1 Material Audit Adjustments (continued)

Effect:

As a result the following areas were initially misstated:

- The net OPEB obligation in the governmental activities was overstated by approximately \$1,930,000. The adjustment represents 1.78% of the net OPEB obligation of the primary government.
- Federal grant revenue was overstated and deferred revenue was understated in the sheriff grants nonmajor special revenue fund by approximately \$840,000.
- Federal grant revenue was overstated and deferred revenue was understated in the community services agency nonmajor special revenue fund by approximately \$587,000.
- Taxes receivable was understated and due from other funds was overstated in the veterans' affairs nonmajor special revenue fund by approximately \$397,000 and both taxes receivable and due to other funds were overstated in the delinquent tax revolving enterprise fund by the same amount. Fund equity was properly stated in both funds prior to this adjustment.
- Claims and judgments payable in the general liability insurance internal service fund was understated by approximately \$450,000.
- Beginning net assets and capital assets in the governmental activities were understated by approximately \$20,800,000 and beginning net assets and capital assets in the Martha T Berry enterprise fund were overstated by the same amount. This adjustment was a balance sheet transfer between operating units of the primary government.
- Beginning net assets and capital assets in the drainage district component unit were both understated by approximately \$2,580,000.
- Beginning net assets in the drainage district component unit were understated and deferred revenue was overstated by \$105,495,000. The transaction that necessitated this adjustment originated in fiscal year 2002.

Recommendation/
Comment:

We recommend that the County take steps to ensure that all year-end adjustments are identified and posted for financial reporting purposes. We also recommend that the County improve the process by which material claims and judgments are communicated to the Finance Department to ensure that such items are properly recorded in the general ledger.

MACOMB COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

2009-1 Material Audit Adjustments (concluded)

View of Responsible Official: Procedures have either already been or will be instituted to ensure that the items noted above are addressed properly going forward.

2009-2 Preparation of the Schedule of Federal Expenditures of Federal Awards

Finding type: Material weakness in internal controls over financial reporting.

Criteria: OMB Circular A-133, § ____.300, requires that the County “identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.” In addition, the County is required to “prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § ____.310.”

Condition/Finding: As is the case with many County governments, Macomb County administers a vast array of federal and state grants throughout its many departments. As a result, the function of grant administration is very decentralized. While management was able to provide us with a substantially complete schedule of expenditures of federal awards during our audit fieldwork, several material adjustments were ultimately required.

Cause: Certain federal grants were incorrectly identified as non-federal when program information was initially reported to the Finance Department, which is responsible for reviewing and finalizing the SEFA.

Effect: Certain federal grants were omitted from the initial schedule of expenditures of federal awards.

MACOMB COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

2009-2 Preparation of the Schedule of Federal Expenditures of Federal Awards (concluded)

Recommendation/
Comment: We recommend that all grant financial reports should be reviewed centrally by a member of either the accounting or internal audit staff in the Finance Department prior to submission, and compared against the County's accounting records. Incoming grant receipts should similarly be reviewed to determine the appropriate program for coding. Differences between amounts requested, amounts received, and/or amounts reported on the County's accounting records should be promptly investigated and resolved.

View of
Responsible
Official: Procedures have been identified and will be implemented as practicable given current staffing levels in the Finance Department. Full implementation of this recommendation would most likely require additional staff.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2009-3 Separate Trust Fund

Finding type: Noncompliance

Federal
program(s): Recovery Act - Edward Byrne Memorial Justice Assistance Grant ("JAG") program (CFDA# 16.804)

Criteria: According to the grant agreement, "The recipient is required to establish a trust fund account. The trust fund may or may not be an interest-bearing account. The funds, including any interest earned, may not be used to pay debts or expenses incurred by other activities beyond the scope of either the Edward Byrne Memorial JAG program or the Recovery JAG Program."

Condition/Finding: Recipients are required to establish a trust fund account to deposit Recovery Act - JAG funds prior to expending them.

Cause: This condition appears to be the result of management's lack of understanding of the specific grant requirements added for Recovery Act funds.

MACOMB COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2009-3 Separate Trust Fund (concluded)

Effect:	The County did not comply with the above grant requirements.
Recommendation/ Comment:	We recommend that the County implement procedures to ensure that grant agreements are more closely reviewed and that the requirements are followed.
View of Responsible Official:	Complying with this recommendation would require establishing a separate bank account, which would result in more work on behalf of the Finance Department and Treasurer's Office, as well as additional bank fees. Management of the Finance Department interprets the spirit of the requirement to be that the accounting for the revenues and expenditures of this grant not be comingled in the general ledger with those of other grant programs. The activities for this program are accounted for in a separate and distinct cost center in the general ledger. Therefore, management of the Finance Department believes that the spirit of the requirement has been met.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2008-1 Material Audit Adjustments (Including Reclassifications)

Issue was adequately resolved

2008-2 Reconciliation of Agency Fund Liability Accounts

Issue was adequately resolved

2008-3 Payroll Certifications

Issue was adequately resolved

MACOMB COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2008-4 Suspended and Debarred Parties

Issue was adequately resolved

2008-5 Supporting Documentation to Ensure Proper Period of Availability

Issue was adequately resolved

2008-6 Period of Availability

Issue was adequately resolved

2008-7 Quarterly Reports

Issue was adequately resolved

* * * * *

SUPPLEMENTARY INFORMATION

Macomb County Community Mental Health Services - Office of Substance Abuse
SUBSTANCE ABUSE PREVENTION & TREATMENT
Schedule A - Summary of Budgeted, Reported, and Audited Amounts
For the Year Ended September 30, 2009

SCHEDULE A

Fund Source	Budgeted (FINAL)	Reported (FINAL RER)	Audited Expenditures	Variance (Audited-Reported)	Local Match Funds
A State Agreement					
1 Community Grant	\$ 3,804,565	\$ 3,799,365	\$ 3,799,365	\$ -	\$ -
2 SDA	33,560	33,560	33,560	-	-
3 SPF-SIG	203,650	203,650	203,650	-	-
4 Methamphetamine	-	-	-	-	-
A Subtotal	<u>4,041,775</u>	<u>4,036,575</u>	<u>4,036,575</u>	<u>-</u>	<u>-</u>
B Medicaid					
1 Current Year PEPM (Federal & State)	3,023,705	2,268,454	2,268,454	-	-
2 Reinvestment Savings	-	-	-	-	-
B Subtotal	<u>3,023,705</u>	<u>2,268,454</u>	<u>2,268,454</u>	<u>-</u>	<u>-</u>
C Adult Benefit Waiver (ABW)					
1 Current Year PEPM (federal share only)	146,903	146,902	146,902	-	-
C Subtotal	<u>146,903</u>	<u>146,902</u>	<u>146,902</u>	<u>-</u>	<u>-</u>
D MI CHILD					
1 Current Year PEPM	14,039	592	592	-	-
D Subtotal	<u>14,039</u>	<u>592</u>	<u>592</u>	<u>-</u>	<u>-</u>
E Local					
1 Current Year PA2	1,270,918	1,063,100	1,063,100	-	1,063,100
2 PA2 Fund Balance	184,930	-	-	-	-
3 Other Local (R325.4152 excluding subsection (1)(b))	367,918	354,258	354,258	-	354,258
E Subtotal	<u>1,823,766</u>	<u>1,417,358</u>	<u>1,417,358</u>	<u>-</u>	<u>1,417,358</u>
F Fees & Collections- Subtotal (R325.4151 (1)(d))	<u>143,325</u>	<u>260,326</u>	<u>260,326</u>	<u>-</u>	<u>260,326</u>
G Other Contracts & Sources (Subtotal)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total of Subtotals A-G	<u>\$ 9,193,513</u>	<u>\$ 8,130,207</u>	<u>\$ 8,130,207</u>	<u>\$ -</u>	

Amount Billable to MDCH (Section A audited subtotal)	\$ 4,036,575
Total MDCH Payments	<u>4,041,775</u>
 (Overpayment)/Underpayment	 <u>\$ (5,200)</u>

Local Match Funds Total	1,677,684
Local Match Requirement [(Grand Total of Audited Expenditures-B-C-G) * 10%]	<u>571,426</u>
 Local Match (Shortfall)/Excess	 <u>\$ 1,106,258</u>

Macomb County Community Mental Health Services - Office of Substance Abuse
Schedule B - Schedule of Expenditures and Funding Sources by Program
For the Year Ended September 30, 2009

Program	Budgeted (FINAL)	Reported (FINAL RER)	Audited Expenditures			Net Amount
			Gross Amount	Less Medicaid	Less Fees	
Administration	\$ 1,079,845	\$ 1,071,472	\$ 1,071,472	\$ 254,280	\$ 651	\$ 816,541
Prevention	947,459	952,119	952,119	-	76,985	875,134
Treatment	5,867,057	4,678,977	4,678,977	1,970,089	163,951	2,544,937
Women's Specialty Services	50,000	125,821	125,821	44,085	-	81,736
HIV/EIP Training	7,660	7,660	7,660	-	-	7,660
Adult Benefit Waiver	336,342	383,786	383,786	-	-	383,786
MiChild	19,447	820	820	-	-	820
SPF-SIG	186,775	191,897	191,897	-	-	191,897
Other-Sacred Heart Statewide	698,928	717,655	717,655	-	18,739	698,916
Totals	\$ 9,193,513	\$ 8,130,207	\$ 8,130,207	\$ 2,268,454	\$ 260,326	\$ 5,601,427

Reconciliation of PA2 funds:

Beginning Balance	\$ 617,992
Current Year PA2	1,084,673
Expended	<u>(1,063,100)</u>
Ending Balance	<u>\$ 639,565</u>

Audited Funding Sources									Total Funding	Variance Reported/ Audited
State Agreement	SDA	SPF/SIG	PA2	Other Local	Other Sources	ABW	MICchild			
\$ 650,220	\$ -	\$ 11,846	\$ -	\$ 154,475	\$ -	\$ -	\$ -	\$ 816,541	\$ -	
844,955	-	-	10,800	19,379	-	-	-	875,134	-	
1,326,211	33,560	-	1,004,762	180,404	-	-	-	2,544,937	-	
81,736	-	-	-	-	-	-	-	81,736	-	
7,660	-	-	-	-	-	-	-	7,660	-	
189,439	-	-	47,445	-	-	146,902	-	383,786	-	
228	-	-	-	-	-	-	592	820	-	
-	-	191,804	93	-	-	-	-	191,897	-	
698,916	-	-	-	-	-	-	-	698,916	-	
\$ 3,799,365	\$ 33,560	\$ 203,650	\$ 1,063,100	\$ 354,258	\$ -	\$ 146,902	\$ 592	\$ 5,601,427	\$ -	

Reconciliation of Medicaid Managed Care Funds (PEPM):

PEPM Payments Received	\$ 3,023,705
Medicaid Savings Carried Over	-
Expenditures	(2,268,454)
Medicaid Savings Carryforward	-
Transferred to ISF	<u>\$ 755,251</u>