

Livingston County, Michigan

**Federal Awards
Supplemental Information
December 31, 2009**

Livingston County, Michigan

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Independent Auditor's Report

To the Board of Commissioners
Livingston 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 Livingston 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 15, 2010. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Livingston County Road Commission, whose assets and revenue totaled \$128,339,303 and \$17,306,432, respectively. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Livingston County Road Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions. The financial statements of the Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*.

Our audit was conducted 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 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

June 15, 2010

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 Commissioners
Livingston 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 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 15, 2010. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Livingston County Road Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*.

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.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Commissioners
Livingston County, Michigan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the County in a separate letter dated June 15, 2010.

This report is intended solely for the information and use of management, the board, others within the County, officials of the State of Michigan, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

June 15, 2010

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 Commissioners
Livingston County, Michigan

Compliance

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

Livingston County, Michigan's basic financial statements include the operations of the Livingston County Road Commission, which is a component unit of the County audited by other auditors, and as such, is not included in the schedule during the year ended December 31, 2009. Our audit, described below, did not include the operations of the Livingston County Road Commission because the Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133, when required.

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.

To the Board of Commissioners
Livingston County, Michigan

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as 2009-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of management, the board, others within the County, officials of the State of Michigan, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

June 15, 2010

Livingston County, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
Clusters:		
WIA Cluster - U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
WIA Adult Program	17.258	\$ 151,744
WIA Youth Activities	17.259	452,037
WIA Dislocated Workers	17.260	1,252,446
WIA Local Administration - 6/30/09 program	17.258/17.259/17.260	134,785
ARRA - WIA - Adult Program	17.258	237,877
ARRA - WIA - Youth Activities	17.259	520,257
ARRA - WIA - Dislocated Workers	17.260	309,923
ARRA - WIA - Administration	17.258/17.259/17.260	<u>98,185</u>
Total WIA Cluster		3,157,254
Employment Service Cluster - U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
Wagner-Peyser Act ES 7A - 6/30/09 program	17.207	140,755
Wagner-Peyser Act ES 7A - 6/30/10 program	17.207	35,340
Wagner-Peyser Act ES 7A - 6/30/11 program	17.207	166,887
ARRA - Employment service	17.207	<u>44,766</u>
Total Employment Service Cluster		387,748
Highway Safety Cluster - U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety and Planning:		
Drive MI Safely - State and Community Highway Safety	20.600	25,192
Drive MI Safely - Alcohol and Traffic and Drunk Driving Prevention	20.601	15,470
Drive MI Safely - Occupant Protection	20.602	<u>3,794</u>
Total Highway Safety Cluster		44,456
Federal Transit Cluster - U.S. Department of Transportation:		
Federal Section 5307 Operating Assistance - 2009	20.507	538,926
Federal Section 5307 Capital Assistance - 2008	20.507	20,162
Federal Section 5307 Capital Assistance - 2009	20.507	275,192
ARRA - Federal Section 5307 Capital Assistance - 2009	20.507	<u>9,945</u>
Total Federal Transit Cluster		844,225
Other federal awards:		
U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
Work Incentive - Navigator - 6/30/09 program	17.266	7,122
Wagner-Peyser Trade Adjustment Assistance - 9/30/09 program	17.245	1,020,120
Wagner-Peyser Trade Adjustment Assistance - 9/30/10 program	17.245	<u>358,999</u>
Total U.S. Department of Labor		1,386,241
U.S. Department of Agriculture - Passed through State of Michigan Department of Health Special Supplemental Food Program for Women, Infants, and Children		
	10.557	255,060

Livingston County, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
Other federal awards (Continued):		
U.S. Department of Energy - ARRA - Energy Efficiency and Conservation Block Grant	81.128	\$ 14,808
U.S. Department of Health and Human Services:		
Passed through the State of Michigan Department of Community Health:		
Bioterrorism Pan Flu H1N1	93.069	252,607
Bioterrorism - Focus A & CRI	93.283	218,589
Immunization Grants	93.268	442,363
Child Support Enforcement	93.563	1,600,597
Medical Assistance Program (Medicaid)	93.778	108,323
Maternal and Child Health Services Block Grant to the States	93.994	<u>86,596</u>
Total passed through the Michigan Department of Community Health		2,709,075
Passed through the State of Michigan - Michigan Department of Energy, Labor, and Economic Growth - Temporary Assistance for Needy Families	93.558	<u>204,835</u>
Total U.S. Department of Health and Human Services		2,913,910
U.S. Department of Homeland Security - Passed through Michigan State Police Emergency Management Performance Grant (EMPG)	97.042	103,672
U.S. Department of Housing and Urban Development - Passed through the Michigan State Housing Development Authority:		
Community Development Block Grant Program	14.218	74,419
Community Development Block Grant Program/States Program	14.228	<u>250,000</u>
Total U.S. Department of Housing and Urban Development		324,419
U.S. Department of Justice:		
Federal Equitable Share Funds	16.Unknown	87,622
ARRA - Edward Byrne Memorial Justice Assistance Grant - Formula Program	16.804	10,062
Passed through the Michigan Department of Community Health - Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Grant - Formula	16.738	82,859
Passed through the Michigan State Court Administrative Office:		
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	1,354
Edward Byrne Memorial Justice Assistance Grant - Project	16.738	<u>7,059</u>
Total passed through the Michigan State Court Administrative Office		8,413
Total U.S. Department of Justice		188,956
U.S. Environmental Protection Agency - Passed through the Michigan Department of Environmental Quality:		
State Grants to Reimburse Operators of Small Water Systems	66.471	6,345
Capitalization Grants for Drinking Water State Revolving Funds	66.468	<u>2,550</u>
Total U.S. Environmental Protection Agency		8,895
U.S. Federal Aviation Administration, Department of Transportation - Passed through the Michigan Department of Transportation - Airport Improvement Program	20.106	<u>228,675</u>
Total federal awards		<u>\$ 9,858,319</u>

Livingston County, Michigan

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Livingston County, Michigan 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.

Livingston County, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Type of auditor's report issued on compliance for major program(s): 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
17.258, 17.259, 17.260	Workforce Investment Act Cluster
17.207	Employment Services Cluster
17.245	Trade Adjustment Assistance
93.268	Immunization Grants
20.507	Federal Transit Cluster

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

Auditee qualified as low-risk auditee? Yes No

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2009

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2009-1	<p>Incomplete Schedule of Expenditures of Federal Awards</p> <p>Program Name/CFDA Number - Federal Transit Cluster, CFDA #20.507</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - OMB Circular A-133 requires organizations to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA).</p> <p>Condition - The SEFA excluded \$9,945 of federal expenditures for the federal transit cluster.</p> <p>Questioned Costs - None</p> <p>Context - The adjustments made to the expenditures reported on the schedule of expenditures of federal awards, if material, could have affected the major program selection.</p> <p>Cause and Effect - Internal control procedures over determining which expenditures should be reported on the SEFA did not operate effectively. This resulted in the County's schedule of expenditures of federal awards provided to the auditors being inaccurate on a program and total expenditure basis.</p> <p>Recommendation - Internal control procedures should be initiated and enforced to ensure the proper expenditures are reported in the schedule of expenditures of federal awards.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Livingston County, Michigan is aware of the requirement to record federal expenditures in the schedule of federal awards (SEFA). Exclusion of the expenditures for this grant was a simple oversight by the reporting department. The department has been made aware of the exclusion and will review the information prior to submission in the future to ensure all federal expenditures are included in the SEFA to ensure compliance.</p>