

**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2006



REHMANN ROBSON

Certified Public Accountants

**COUNTY OF MONROE, MICHIGAN
SINGLE AUDIT**

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program -			
U.S.D.A. Food Distribution - Entitlement Commodities	10.550	-n/a-	\$ 605
Passed-through the Michigan Department of Education:			
School Breakfast Program	10.553	58-000-8001	14,323
National School Lunch Program	10.555	58-000-8001	21,936
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2005/2006	10.557	20070345	280,088
2006/2007	10.557	20060110	90,810
Passed-through the Michigan Department of Labor and Economic			
Growth and Southeast Michigan Community Alliance -			
State Administration Matching Grants for Food Stamp Program:			
Jan to Sept 06	10.561	04-02-0004	48,986
Oct to Dec 06	10.561	04-02-0004	14,091
Passed-through the Michigan Department of Natural Resources -			
Cooperative Forestry Assistance - Emerald Ash Borer	10.664	EAB 05-18	2,000
Passed-through the Farm Service Agency -			
Conservation Reserve Program:	10.069	0286	<u>4,908</u>
Total U.S. Department of Agriculture			<u>477,747</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Michigan State Housing Development Authority -			
Community Development Block Grant/State's Program	14.228	MSC-2005-0780-HOA	<u>245,509</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-0007	21,164
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-0333	17,407
Local Law Enforcement Block Grant -			
FY 2004 Local Law Enforcement Block Grant	16.592	2004-LB-BX-1182	9,807
Bulletproof Vest Partnership Program Zylon Replacement	16.607	-n/a-	4,988
Public Safety Partnership and Community Policing Grant:			
COPS Secure our Schools	16.710	2006CKWX0639	5,178
COPS in Schools Program	16.710	2002SHWX0353	10,347
Passed-through Michigan Office of Drug Control Policy -			
Edward Byrne Memorial Justice Assistance Grant	16.738	ODCP 72305-1-07-B	7,500
Passed-through the Michigan Department of Human Services			
Juvenile Accountability Incentive Block Grant:			
2006/2007	16.523	JAIBG-06-58001	9,121
2005/2006	16.523	JAIBG-05-58001	8,730
Juvenile Justice and Delinquency Prevention:			
Active Balanced Community Initiative	16.540	JJBRC 05-58001-2	81,701
Active Balanced Community Initiative	16.540	JJBRC 05-58001-3	<u>2,981</u>
Total U.S. Department of Justice			<u>178,924</u>

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance:			
Employment Service:			
2005/2006	17.207	05-02-0004	\$ 126,471
2006/2007	17.207	06-02-0004	83,563
Employment Service - Reemployment/Profiling -			
2005/2006	17.207	05-02-0004	16,807
Employment Service - TAA/NAFTA:			
2005/2006	17.207	05-02-0004	587
2006/2007	17.207	06-02-0004	5,824
WIA Adult Program:			
2005/2006	17.258	05-02-0004	117,972
2006/2007	17.258	06-02-0004	88,616
WIA Adult Core Program -			
2006/2007	17.258	06-02-0004	15,483
WIA Dislocated Worker Program:			
2005/2006	17.260	05-02-0004	151,142
2006/2007	17.260	06-02-0004	183,966
WIA Dislocated Worker Core Program -			
2005/2006	17.260	05-02-0004	25,000
Total U.S. Department of Labor			815,431
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning - State and Community Highway Safety:			
Intersection Enforcement Grant	20.600	RS-06-06	32,249
Traffic Enforcement Vehicle	20.600	AL-06-07	9,087
Enforcement Grant (Drive Michigan Safely)	20.600	PT-06-12	40,446
Enforcement Grant (Drive Michigan Safely)	20.600	PT-07-12	7,239
Total U.S. Department of Transportation			89,021
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Department of Environmental Quality:			
Beach Monitoring	66.472	-n/a-	4,109
Arsenic Rule Implementation	66.468	-n/a-	638
Operators of Small Water Systems Certification and Training	66.471	-n/a-	4,575
Clean Sweep	66.801	-n/a-	2,870
Total U.S. Environmental Protection Agency			12,192
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through the Michigan Department of Human Services			
Child Support Enforcement:			
Title IV Incentive Payments	93.563	-n/a-	283,562
Friend of the Court/Prosecutor combined:			
2006/2007	93.563	CS/COM-07-58003	427,549
2005/2006	93.563	CS/COM-06-58003	1,192,924
Foster Care Title IV E:			
2005/2006	93.658	PROFC 06-58001	8,497
2006/2007	93.658	PROFC 07-58001	4,023
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance (SEMCA) -			
Temporary Assistance for Needy Families:			
Work First Program			
Jan to Sept 06	93.558	04-02-0004	556,564
Oct to Dec 06	93.558	04-02-0004	178,004
Reed Act			
Jan to Sept 06	93.558	04-02-0004	20,971
Oct to Dec 06	93.558	04-02-0004	25,273

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The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
Passed-through the Michigan Department of Community Health:			
Family Planning Services:			
2006/2007	93.217	20070345	\$ 17,437
2005/2006	93.217	20060110	63,426
Immunization Grants:			
Federally supplied vaccines	93.268	na	523,064
VFC, AFIX and Nurse Training	93.268	20060110	4,000
VFC, AFIX and Nurse Training	93.268	20070345	950
Immunization Assessment:			
2006/2007	93.268	20070345	14,013
2005/2006	93.268	20060110	42,016
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2006/2007 - General Bio Terror Grant	93.283	20070345	38,682
2005/2006 - General Bio Terror Grant	93.283	20060110	158,312
2006/2007 - Pandemic Flu Award	93.283	20070345	16,386
2005/2006 - Pandemic Flu Award	93.283	20060110	28,445
Medical Assistance Program:			
CSHCS Case Management Services:			
2006/2007	93.778	20070345	4,513
2005/2006	93.778	20060110	13,335
CSHCS Care Coordination:			
2006/2007	93.778	20070345	5,062
2005/2006	93.778	20060110	23,959
Medicaid outreach:			
2006/2007	93.778	20070345	13,382
2005/2006	93.778	20060110	62,434
HIV Prevention Activities - Health Department Based:			
2006/2007	93.940	20070345	366
2005/2006	93.940	20060110	3,031
Maternal and Child Health Services Block Grant:			
Local Maternal and Child Health:			
2006/2007	93.994	20070345	16,182
2005/2006	93.994	20060110	48,548
Family Planning/Pregnancy Prevention:			
2006/2007	93.994	20070345	4,313
2005/2006	93.994	20060110	12,769
CSHCS Case Management Services:			
2006/2007	93.994	20070345	2,855
2005/2006	93.994	20060110	8,769
Total U.S. Department of Health and Human Services			<u>3,823,616</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Michigan Department of State Police -			
State Domestic Preparedness Equipment Support Program:			
2005 State Homeland Security Program	97.067	-n/a-	343,379
2005 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	n/a	108,882
2004 State Homeland Security Program	97.067	-n/a-	258,723
2004 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	-n/a-	197,236
Buffer Zone Protection Program	97.078	n/a	50,000
Emergency Management Performance Grants	97.042	n/a	24,178
Passed Through Michigan Department of Natural Resources -			
Boating Safety Financial Assistance	97.012	n/a	10,000
Total U.S. Department of Homeland Security			<u>992,398</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,634,838</u>

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, 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 the County of Monroe, 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.

The County of Monroe, Michigan's reporting entity is defined in Note A of the County's financial statements. The County of Monroe, Michigan's financial statements include the operations of the Monroe Community Mental Health Authority discretely presented component unit, which received federal awards of \$331,219, that are not included in the Schedule for the year ended December 31, 2006. Our audit did not include the operations of the Monroe County Community Mental Health Authority discretely presented component unit because that entity engaged other auditors to perform its audit in accordance with OMB Circular A-133, as applicable in the circumstances.

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REHMANN ROBSON

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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***

May 30, 2007

To the Board of Commissioners
of the County of Monroe
Monroe, 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 of Monroe, Michigan***, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 30, 2007. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency that collectively represent 88.7% of the assets and 96.7% 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 opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency, is 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. The financial statements of the Monroe County Road Commission and Monroe County Library System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Monroe, Michigan'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 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 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 over financial reporting 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. Our report and the reports of other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 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*.

This report is intended solely for the information and use of the audit 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 Lobson". The signature is written in a cursive, flowing style.



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

May 30, 2007

To the Board of Commissioners
of the County of Monroe
Monroe, Michigan

Compliance

We have audited the compliance of the *County of Monroe, Michigan* 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, 2006. The County's major federal programs 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 County management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The reporting entity is defined in Note A of the County's financial statements. The County's financial statements include the operations of the Monroe County Community Mental Health Authority discretely presented component unit, which received federal awards of \$331,219, that are not included in the Schedule for the year ended December 31, 2006. Our audit, as described below, did not include the operations of the Monroe County Community Mental Health Authority discretely presented component unit because that entity engaged other auditors to perform its audit in accordance with OMB Circular A-133, as applicable in the circumstances.

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 of Monroe, Michigan 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which 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 2006-1.

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 of Monroe, Michigan'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 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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Schedule of Expenditures of Federal Awards

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 of Monroe, Michigan as of and for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Monroe, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is 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.

We did not audit the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency that collectively represent 85.7% of the assets and 96.7% 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 opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit 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.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X 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 weaknesses 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

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Grants
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2006-1 Allocation and Certification of Payroll Expenditures

Condition. During the year ended December 31, 2006, the Health Department allocated payroll charges to federal programs, including the Immunization Grants, based on pre-determined percentages as established by management. These percentages have remained unchanged for several years and do not specifically coincide with particular pay periods. It appears the County is not allocating wages and salaries in a manner consistent with federal guidelines.

Criteria. Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2006

Cause. This condition appears to be the result of (1) past practice not having been previously questioned by the pass-through entity, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Effect. This condition increases the risk that the County will report an incorrect amount for expenditures related to the grants administered by these departments.

Recommendation. The County should implement a new payroll allocation method for the Health Department that is consistent with federal guidelines. Employees should track on their timesheets the number of hours spent working for each federal program. The timesheets should be signed by the employee and a supervisor who had direct knowledge of the employee's work schedule. Using the information from the timesheets, salaries and wages could be allocated to the various federal programs and tracked through the accounting system which is already well established.

County's Response. The County has determined that its current Health Department payroll allocation method is not consistent with federal guidelines and had already begun the process of implementing a new system that is consistent with federal guidelines that will be in effect for the 2007 fiscal year.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

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