

**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2007



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, 2007

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-	\$ 2,021
Passed-through the Michigan Department of Education			
School Breakfast Program	10.553	58-000-8001	14,489
National School Lunch Program	10.555	58-000-8001	22,243
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2006/2007	10.557	20070345	285,489
2007/2008	10.557	20080791-0	93,306
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 07	10.561	04-02-0004	65,528
Oct to Dec 07	10.561	04-02-0004	26,589
Passed-through the Farm Service Agency			
Conservation Reserve Program	10.069	0286	<u>4,908</u>
Total U.S. Department of Agriculture			<u>514,573</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through the Michigan Economic Development Corporation			
Community Development Block Grant/State's Program	14.228	MSC-205024-EDPA	25,000
Community Development Block Grant/State's Program	14.228	MSC 204001-EDIG	13,825
Passed-through the Michigan State Housing Development Authority			
Community Development Block Grant/State's Program	14.228	MSC-2007-0780-HOA	<u>118,430</u>
Total U.S. Department of Housing and Urban Development			<u>157,255</u>
U.S. DEPARTMENT OF THE INTERIOR - NATIONAL PARKS SERVICE			
Passed-through the Michigan Department of Natural Resources			
Outdoor Recreation, Acquisition, Development and Planning	15.916	05-048	<u>13,680</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJBX-0007	818
Bulletproof Vest Partnership Program Zylon Replacement	16.607	-n/a-	4,357
Public Safety Partnership and Community Policing Grant:			
COPS Secure our Schools	16.710	2006CKWX0639	54,888

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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, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF JUSTICE (concluded)			
Passed-through the Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grant:			
2006/2007	16.523	JAIBG-06-58001	\$ 3,040
2007/2008	16.523	JAIBG-07-58001	9,125
Juvenile Justice and Delinquency Prevention - Active Balanced Community Initiative			
	16.540	JJBRC 05-58001-3	<u>57,018</u>
Total U.S. Department of Justice			<u>129,246</u>
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance:			
Employment Service:			
2007/2008	17.207	07-02-004	98,858
2006/2007	17.207	06-02-0004	136,983
Employment Service - TAA/NAFTA:			
2007/2008	17.207	07-02-004	11,886
2006/2007	17.207	06-02-0004	-
WIA Adult Program:			
2007/2008	17.258	07-02-004	117,442
2006/2007	17.258	06-02-0004	118,017
WIA Adult Core Program:			
2006/2007	17.258	06-02-0004	24,517
WIA Dislocated Worker Program:			
2007/2008	17.260	07-02-004	182,496
2006/2007	17.260	06-02-0004	<u>273,347</u>
Total U.S. Department of Labor			<u>963,546</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning			
State and Community Highway Safety:			
Traffic Enforcement Vehicle	20.600	AL-06-07	10,865
Safe Communities Grant	20.600	PT-08-25	11,822
Enforcement Grant (Drive Michigan Safely)	20.600	PT-07-09	<u>62,758</u>
Total U.S. Department of Transportation			<u>85,445</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Department of Environmental Quality:			
Beach Monitoring	66.472	-n/a-	3,895
Clean Air Act - Indoor Air Quality	66.034	-n/a-	5,000
Capitalization Grants - Drinking Water Revolving Funds	66.468	-n/a-	300
Operators of Small Water Systems Certification and Training	66.471	-n/a-	<u>4,200</u>
Total U.S. Environmental Protection Agency			<u>13,395</u>

continued...

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
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	na	\$ 376,344
Friend of the Court/Prosecutor combined:			
2006/2007	93.563	CS/COM-07-58003	1,273,918
2007/2008	93.563		407,986
Foster Care Title IV-E	93.658	PROFC-05-58001-3	13,861
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 07	93.558	04-02-0004	598,258
Oct to Dec 07	93.558	04-02-0004	246,949
Reed Act			
Jan to Sept 07	93.558	04-02-0004	11,425
Oct to Dec 07	93.558	04-02-0004	25,273
Passed-through the Michigan Department of Community Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	20070854	40,726
Family Planning Services:			
2006/2007	93.217	20070345	66,380
2007/2008	93.217	20080791-0	20,457
Immunization Grants:			
Federally Supplied Vaccines	93.268	na	1,012,774
VFC, AFIX and Nurse Training 06/07	93.268	20070345	4,600
VFC, AFIX and Nurse Training 07/08	93.268	20080791-0	1,050
Central Vaccine	93.268	20080791-0	4,866
Immunization Assessment:			
2006/2007	93.268	20070345	42,033
2007/2008	93.268	20080791-0	14,462
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2006/2007	93.283	20070345	194,653
2007/2008	93.283	20080791-0	46,604
Childhood Expulsion Grant	93.575	2071312	40,672
CTF Support Grant	93.590	CTFDS-06-58002	37,280
Medical Assistance Program:			
CSHCS Case Management Services:			
2006/2007	93.778	20070345	13,538
2007/2008	93.778	20080791-0	4,449
CSHCS Care Coordination:			
2006/2007	93.778	20070345	27,370
2007/2008	93.778	20080791-0	10,847
OBRA - PASSAR	93.778	20062888	23,080

The accompanying notes are an integral part of this schedule

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
Medicaid outreach:			
2006/2007	93.778	20070345	\$ 93,655
2007/2008	93.778	20080791-0	16,049
HIV Prevention Activities - Health Department Based:			
2006/2007	93.940	20070345	1,138
2007/2008	93.940	20080791-0	510
Community Mental Health Services Block Grant:			
Peer Support Specialists	93.958	20071335-01	20,761
Therapeutic Foster Care	93.958	20071335-01	35,739
Maternal and Child Health Services Block Grant:			
Local Maternal and Child Health			
2006/2007	93.994	20070345	47,989
2007/2008	93.994	20080791-0	16,041
Family Planning/Pregnancy Provention			
2006/2007	93.994	20070345	13,402
CSHCS Case Management Services			
2006/2007	93.994	20070345	8,566
2007/2008	93.994	20080791-0	2,919
Total U.S. Department of Health and Human Services			<u>4,816,624</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-	277,324
2005 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	n/a	124,499
Emergency Management Performance Grants	97.042	n/a	26,091
Passed-through Michigan Department of State Police and Oakland County:			
State Domestic Preparedness Equipment Support Program:			
2006 Homeland Security Grant UASI Region - Monroe County Radio Tower	97.067	n/a	849,526
2006 Homeland Security Grant UASI Region - Solution Area Planners	97.067	-n/a-	65,077
2006 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	17,704
2006 Homeland Security Grant UASI Region - Training	97.067	-n/a-	17,988
Total U.S. Department of Homeland Security			<u>1,378,209</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,071,973</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.

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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 19, 2008

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 *Monroe County, Michigan*, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 86.3% of the assets and 64.4% 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 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'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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

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 presented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and questioned costs is a material weakness.

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*.

We noted certain matters that we reported to management of Monroe County in a separate letter dated June 13, 2008.

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 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.





**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**

June 19, 2008

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

Compliance

We have audited the compliance of *Monroe 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, 2007. 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.

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, 2007. 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 items 2007-2 and 2007-3.

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 *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 County's internal control.

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 County'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'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.

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, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. 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 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 Library System and Monroe County Agency that collectively represent 86.3% of the assets and 64.4% 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 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, reading "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, 2007

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?

 X yes _____ 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, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
97.067	Homeland Security Grant

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

2007-1 Significant Audit Adjustments

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 five adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. These adjustments included corrections for self-insurance incurred but not reported claims payable, bond discount, federal revenue and accrued taxes receivable.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

2007 -1 Significant Audit Adjustments (Concluded)

Effect: As a result the following areas were initially misstated:

- Self-insurance incurred but not reported (IBNR) claims were understated in various funds by \$720,000
- Bond discount was understated in the capital projects fund by approximately \$77,000
- Federal revenue and receivables were understated by \$113,425 in the general fund.
- Taxes receivable in various funds was overstated by approximately \$570,000.

Recommendation/
Comment: We recommend that the County take steps to insure that all year end adjustments are identified and properly made for financial reporting purposes.

View of
Responsible
Official: The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-2 Revenue Recognition
97.067 Homeland Security Grant

Criteria: Revenue should be accrued or recognized when the related expenditures are incurred; at a minimum these accruals should be recorded at year end.

Condition/Finding: Revenues were not accrued at year end to match the expenditures that had been incurred.

Cause: Internal communication problem between emergency management and accounting regarding proper accounting for grants.

Effect: Revenue and receivables for the Homeland Security Grants were understated by \$113,425.

Recommendation/
Comment: The County should prepare year end grant tie out analysis to ensure proper accrual or deferral of grant revenue at year end.

View of
Responsible
Officials: The County will implement this recommendation immediately.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2007

2007-3 Suspension and Debarment

97.067 Homeland Security Grant

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”

Condition/Finding: When entering into covered transactions, the County has not verified suspension or debarment and/or has not maintained documentation of such verification.

Cause: The County did not know that suspension and debarment was a requirement of the grant.

Effect: Suspension and debarment was not determined for all vendors.

Recommendation/
Comment: We recommend that the County ensure that all vendors paid with Homeland Security federal dollars be checked for suspension and debarment.

View of
Responsible
Officials: The County will implement this recommendation immediately.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2006-1 Allocation and Certification of Payroll Expenditures

During the year ended December 31, 2007, management implemented actual tracking of time on a weekly basis through signed employee timesheets.

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