

**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2008

**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, 2008

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-	\$ 3,799
Passed-through the Michigan Department of Education			
School Breakfast Program	10.553	58-000-8001	14,861
National School Lunch Program	10.555	58-000-8001	22,775
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2008/2009	10.557	20090206	97,542
2007/2008	10.557	20080791-0	295,957
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 08	10.561	04-02-0004	73,411
Oct to Dec 08	10.561	04-02-0004	20,084
Total U.S. Department of Agriculture			<u>528,429</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-2007-0780-HOA	181,570
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJBX-0007	608
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0209	19,466
State Criminal Alien Assistance Program	16.606	2007-AP-BX-0540	5,436
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0010	6,996
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1133	2,712
Bulletproof Vest Partnership Program Zylon Replacement	16.607	-n/a-	1,677
Public Safety Partnership and Community Policing Grant			
COPS Secure our Schools	16.710	2007CKWX0134	43,824
COPS Secure our Schools	16.710	2006CKWX0639	3,925
Passed-through Michigan Department of State Police			
Internet Crimes Against Children Task Force	16.543	na	15,000
Passed-through the Michigan Department of Human Services			
Juvenile Accountability Incentive Block Grant - 2007/2008	16.523	JAIBG-07-58001	3,040
Total U.S. Department of Justice			<u>102,684</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	99,095
2008/2009	17.207	08-02-004	115,173
Employment Service - TAA/NAFTA			
2007/2008	17.207	07-02-004	23,797
2008/2009	17.207	08-02-004	3,686
Employment Service - NWLB - 2007/2008	17.207	07-02-004	32,990
WIA Adult Program			
2007/2008	17.258	07-02-004	132,724
2008/2009	17.258	08-02-004	179,370
WIA Dislocated Worker Program			
2007/2008	17.260	07-02-004	295,562
2008/2009	17.260	08-02-004	207,765
Total U.S. Department of Labor			<u>1,090,162</u>

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, 2008

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning			
State and Community Highway Safety			
Safe Communities Grant	20.600	PT-08-25	\$ 103,693
Safe Communities Grant	20.600	PT-09-42	<u>4,285</u>
Total U.S. Department of Transportation			<u>107,978</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Department of Agriculture			
Performance Partnership Grants - Clean Sweep - 2008	66.605		7,684
Performance Partnership Grants - Clean Sweep - 2008	66.605		9,023
Passed through Michigan Department of Environmental Quality			
Beach Monitoring	66.472	-n/a-	5,964
Operators of Small Water Systems Certification and Training	66.471	-n/a-	<u>3,600</u>
Total U.S. Environmental Protection Agency			<u>26,271</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through the Michigan Department of Human Service			
Child Support Enforcement:			
Title IV Incentive Payment:	93.563	na	242,327
Friend of the Court/Prosecutor combined:			
2008/2009	93.563	csc09 09-58003	394,609
2007/2008	93.563	csc08 08-58003	1,124,510
Foster Care Title IV E:	93.658	prof08 08-58001	16,737
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance (SEMCA)			
Temporary Assistance for Needy Families			
JET Program:			
Jan to Sept 08	93.558	04-02-0004	509,358
Oct to Dec 08	93.558	04-02-0004	204,758
JET PF/GP Expansion			
Jan to Sept 08	93.558	04-02-0004	71,636
Passed-through the Michigan Department of Community Health			
Family Planning Services			
2008/2009	93.217	20090206	20,665
2007/2008	93.217	20080791-0	67,088
Immunization Grants			
Federally Supplied Vaccines	93.268	na	735,126
VFC, AFIX and Nurse Training 08/09	93.268	20090206	650
VFC, AFIX and Nurse Training 07/08	93.268	20080791-0	3,864
Immunization Assessment			
2008/2009	93.268	20090206	14,628
2007/2008	93.268	20080791-0	43,386
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2008/2009	93.283	20090206	42,344
2007/2008	93.283	20080791-0	191,940
Medical Assistance Program			
HIV Prevention Activities - Health Department Based			
2008/2009	93.778	20090206	737
CSHCS Case Management Service:			
2008/2009	93.778	20090206	4,574
2007/2008	93.778	20080791-0	13,346
CSHCS Care Coordination			
2008/2009	93.778	20090206	10,676
2007/2008	93.778	20080791-0	38,117
Medicaid Outreach			
2008/2009	93.778	20090206	14,826
2007/2008	93.778	20080791-0	91,702

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, 2008

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
HIV Prevention Activities - Health Department Base 2007/2008	93.940	20080791-0	\$ 1,490
Maternal and Child Health Services Block Grant Local Maternal and Child Health 2008/2009	93.994	20090206	16,182
2007/2008	93.994	20080791-0	48,689
Family Planning/Pregnancy Proventior 2008/2009	93.994	20090206	20,665
2007/2008	93.994	20080791-0	67,088
CSHCS Case Management Service: 2008/2009	93.994	20090206	2,794
2007/2008	93.994	20080791-0	8,758
Total U.S. Department of Health and Human Services			<u>4,023,270</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Michigan Department of Natural Resources Federal Boating Safety Financial Assistance Program: 2008 Marine Safety Grant	97.012	-n/a-	14,243
Passed Through Ohio Department of Public Safety Law Enforcement Terrorism Prevention Program:	97.074	-n/a-	4,014
Passed Through Michigan Department of State Police 2007 Buffer Zone Protection Program	97.078	-n/a-	67,635
State Domestic Preparedness Equipment Support Program - Law Enforcement Terrorism Prevention	97.067	-n/a-	1,012
Emergency Management Performance Grants	97.042	-n/a-	29,861
Passed Through Michigan Department of State Police and Oakland County State Domestic Preparedness Equipment Support Program: 2006 Homeland Security Grant UASI Region - Citizen Emergency Response	97.067	-n/a-	17,227
2006 Homeland Security Grant UASI Region - Solution Area Planners	97.067	-n/a-	102,446
2006 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	7,296
2007 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	8,958
2006 Homeland Security Grant UASI Region - Equipment	97.067	-n/a-	393,939
2006 Homeland Security Grant UASI Region - Training	97.067	-n/a-	27,286
Total U.S. Department of Homeland Security			<u>673,917</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,734,281</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.

2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Women, Infants, and Children	10.557	\$ 141,026

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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 29, 2009

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, 2008, and have issued our report thereon dated May 20, 2009. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 86.7% of the assets and 64.0% 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.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a material weakness in internal control over financial reporting.

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 May 29, 2009.

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**

May 29, 2009

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, 2008. 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, 2008. 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 2008-2.

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, 2008, and have issued our report thereon dated May 29, 2009. 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 86.7% of the assets and 64.0% 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 cursive script that reads "Lehmann Johnson".

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses 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 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, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants, and Children
17.258 & 17.260	WIA Adult Program & Dislocated Workers
93.558	Temporary Assistance for Needy Families

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

2008-1 Material 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.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

2008 -1 Material Audit Adjustments (Concluded)

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

- Contributions receivable was overstated in the Employees' Retirement System fund by \$432,000
- Self-insurance incurred but not reported (IBNR) claims were understated in various funds by \$325,000 and overstated in one fund by \$559,000
- Investments were understated in various funds by \$226,000
- The allowance for uncollectible loans was understated by \$90,000
- Special assessments receivable were understated in the Drain Commission component unit by \$248,000 and deferred revenue was overstated by \$492,000

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

2008-2 Subrecipient Monitoring 10.557 Women, Infants, and Children

Criteria: Grantors are required to perform procedures to ensure that subrecipients are properly administering federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements. This includes obtaining audit reports for subrecipients and performing follow-up to ensure that corrective action is taken on audit findings.

Condition/Finding: The County did not perform any subrecipient monitoring procedures on Southeastern Michigan Health Association (SEMHA) in compliance with federal guidelines,

Cause: The County was not aware that the SEMHA was considered a subrecipient.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2008

Effect: No monitoring was performed in relation to SEMHA.

Recommendation/ Comment: The County should perform adequate subrecipient monitoring activities in relation to SEMHA on a yearly basis.

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

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2007-1 Significant Audit Adjustments

Issue was not resolved, repeated as finding 2008-1

2007-2 Revenue Recognition

Issue was adequately resolved.

2007-3 Suspended and Debarred Parties

Issue was adequately resolved.

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