

**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2009

**COUNTY OF MONROE, MICHIGAN
SINGLE AUDIT**

Table of Contents

Year Ended December 31, 2009

	<u>PAGE</u>
Schedule of Expenditures of Federal Awards	1-4
Notes to Schedule of Expenditures of Federal Awards	5
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	8-9
Independent Auditors' Report on Schedule of Expenditures of Federal Awards.....	10
Schedule of Findings and Questioned Costs	11-14

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

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-	\$ 1,821
Passed-through the Michigan Department of Education			
School Breakfast Program	10.553	58-000-8001	12,010
ARRA National School Lunch Program	10.555	58-000-8001	18,173
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2008/2009	10.557	20090206	314,897
2009/2010	10.557	20100285	92,993
Passed-through the Michigan Department of Energy, Labor and Economic			
Growth and Southeast Michigan Community Alliance (SEMCA)			
State Administration Matching Grants for Food Stamp Program:			
Jan to Sept 09	10.561	04-02-0004	86,235
Oct to Dec 09	10.561	09-02-0004	27,383
Passed-through the Farm Service Agency			
Conservation Reserve Program	10.069	0286	<u>10,262</u>
Total U.S. Department of Agriculture			<u>563,774</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-201001-EDIG	85,587
Community Development Block Grant/State's Program	14.228	MSC-2009-0780-HOA	<u>1,200</u>
Total U.S. Department of Housing and Urban Development			<u>86,787</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0209	2,561
ARRA - Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2232	11,819
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0671	2,798
Public Safety Partnership and Community Policing Grant -			
COPS Secure our Schools	16.710	2006CKWX0639	<u>2,079</u>
Total U.S. Department of Justice			<u>19,257</u>
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Energy, Labor and Economic			
Growth and Southeast Michigan Community Alliance (SEMCA)			
Employment Service:			
2009/2010	17.207	08-02-004	96,181
2008/2009	17.207	08-02-004	137,679
Employment Service - TAA/NAFTA:			
2009/2010	17.207	09-02-004	33,501
2008/2009	17.207	08-02-004	44,289
Employment Service - NWLB -			
2008/2009	17.207	08-02-004	4,001
WIA Adult Program:			
2009/2010	17.258	08-02-004	173,875
2008/2009	17.258	08-02-004	189,865
ARRA Dislocated Worker Program -			
2009/2010	17.260	08-02-004	72,232

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, 2009

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF LABOR (concluded)			
WIA Dislocated Worker Program:			
2009/2010	17.260	08-02-004	\$ 238,559
2008/2009	17.260	08-02-004	360,300
WIA Statewide program:			
2009/2010	17.261	08-02-004	16,351
2008/2009	17.261	08-02-004	<u>85,117</u>
Total U.S. Department of Labor			<u>1,451,950</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning State and Community Highway Safety:			
Safe Communities Grant	20.600	PT-10-08	6,055
Safe Communities Grant	20.600	PT-09-42	<u>98,336</u>
Total U.S. Department of Transportation			<u>104,391</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed-through Michigan Department of Agriculture			
Performance Partnership Grants - clean sweep	66.605	-n/a-	16,542
Passed through Michigan Department of Environmental Quality			
Beach Monitoring	66.472	-n/a-	9,388
Operators of Small Water Systems Certification and Training	66.471	-n/a-	<u>3,450</u>
Total U.S. Environmental Protection Agency			<u>29,380</u>
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	232,055
Friend of the Court/Prosecutor combined:			
2008/2009	93.563	cscm 09-58003	1,137,678
2009/2010	93.563	cscm 10-58003	388,449
Foster Care Title IV E	93.658	profc 08-58001	20,454
Passed-through the Michigan Department of Energy, Labor and Economic Growth and Southeast Michigan Community Alliance (SEMCA)			
Temporary Assistance for Needy Families - JET program:			
Jan to Sept 09	93.558	04-02-0004	575,764
Oct to Dec 09	93.558	09-02-0004	204,146
Passed-through National Association of City and County Health Officials			
Medical Reserve Corp Small Grant Program	93.008	MRC 10 1426	10,000
Passed-through Region 2 South			
Medical Reserve Corp Small Grant Program	93.008	n/a	10,000
Passed-through the Michigan Department of Community Health			
Public Health Emergency Preparedness - Pandemic Flu:			
2008/2009	93.069	20090206	2,987
2009/2010	93.069	20100285	155,517
Family Planning Services:			
2008/2009	93.217	20090206	70,339
2009/2010	93.217	20100285	19,935

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, 2009

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
Immunization Grants:			
Federally Supplied Vaccines	93.268	na	\$ 445,281
VFC, AFIX and Nurse Training 08/09	93.268	20090206	5,200
Immunization Assessment			
2008/2009	93.268	20090206	43,888
2009/2010	93.268	20100285	16,158
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2008/2009	93.283	20090206	112,475
2009/2010	93.283	20100285	18,090
ARRA - Immunization Reaching More - 2009/2010			
	93.712	20100285	3,475
Medical Assistance Program:			
HIV Prevention Activities - Health Department Based:			
2008/2009	93.778	20090206	1,969
2009/2010	93.778	20100285	473
CSHCS Case Management Services:			
2008/2009	93.778	20090206	18,624
2009/2010	93.778	20100285	6,386
CSHCS Care Coordination:			
2008/2009	93.778	20090206	35,145
2009/2010	93.778	20100285	3,651
Medicaid Outreach:			
2008/2009	93.778	20090206	127,204
2009/2010	93.778	20100285	20,986
Maternal and Child Health Services Block Grant - Local Maternal and Child Health:			
2008/2009	93.994	20090206	47,989
2009/2010	93.994	20100285	15,624
CSHCS Case Management Services:			
2008/2009	93.994	20090206	9,954
2009/2010	93.994	20100285	<u>5,624</u>
Total U.S. Department of Health and Human Services			<u>3,765,520</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-through Michigan Department of Natural Resources			
Federal Boating Safety Financial Assistance Program - Boating Safety Financial Assistance			
	97.012	-n/a-	14,519
Passed-through Ohio Department of Public Safety			
Law Enforcement Terrorism Prevention Program			
	97.074	-n/a-	4,551
Passed-through Michigan Department of State Police			
2007 Buffer Zone Protection Program			
	97.078	-n/a-	115,265
2008 Port Security Program			
	97.056	2008-GB-TB-0062	251,892
State Domestic Preparedness Equipment Support Program - Emergency Management Performance Grants			
	97.042	2008	29,268

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, 2009

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY (concluded)			
Passed-through Michigan Department of State Police and Oakland County			
State Domestic Preparedness Equipment Support Program:			
2006 Homeland Security Grant UASI Region - Solution Area Planners	97.067	-n/a-	\$ 6,500
2007 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	24,262
2006 Homeland Security Grant UASI Region - Equipment	97.067	-n/a-	241,078
2006 Homeland Security Grant UASI Region - Training	97.067	-n/a-	<u>3,216</u>
Total U.S. Department of Homeland Security			<u>690,551</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,711,610</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.

* * * * *

**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 16, 2010

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, 2009, and have issued our report thereon dated May 20, 2010. 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 62.4% 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 the 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 the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified a certain deficiency in internal control that we consider to be a material weakness in 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 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 June 16, 2010.

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

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

**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 16, 2010

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-2.

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 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

The County's 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 it.

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, appearing to read "Lehmann Johnson". The signature is written in a cursive, flowing style.

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

June 16, 2010

To the Board of Commissioners
of Monroe County
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, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 16, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards 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.

Our report includes a reference to other auditors.



COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material 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, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.207	Employment Services/Wagner-Peyser Funded Activities
17.258 & 17.260	WIA Adult Program & Dislocated Workers
93.268 & 93.712	Immunization Grants
93.563	Child Support Enforcement
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

2009-1 Material Audit Adjustments (repeated)

- 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 accounts payable 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, 2009

2009 -1 Material Audit Adjustments (Concluded)

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

- Accounts payable were understated in the general fund by \$122,247.
- Taxes receivable were overstated in the senior center special revenue fund by \$148,857 and overstated in the delinquent tax revolving enterprise fund by \$514,256.

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.

2009-2 Suspended and Debarred Parties

17.258 & 17.260 WIA Adult Program & Dislocated Workers

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making subawards 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: The County did not retain documentation that they had verified that all vendors were not suspended or debarred.

Cause: The County was not aware that they needed to retain copies of their verification of vendors not being suspended or debarred.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2009

2009-2 Suspended and Debarred Parties (Concluded)

Effect: This condition increases the risk that the County could conduct business with suspended or debarred party in violation of OMB Circular A-133.

Recommendation/
Comment: We recommend that the County implement procedures necessary to identify all covered transactions that take place and retain copies of their verification that vendors are not suspended or debarred.

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

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2008-1 Significant Audit Adjustments

Issue was not resolved, repeated as finding 2009-1

2008-2 Subrecipient Monitoring

Issue was resolved.

* * * * *