

**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT ACT COMPLIANCE

For the Year Ended December 31, 2010

**COUNTY OF MONROE, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE**

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

June 16, 2011

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, 2010, and have issued our report thereon dated June 16, 2011. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 Expenditures of Federal Awards
For the Year Ended December 31, 2010

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-	\$ 512
Passed-through the Michigan Department of Education			
School Breakfast Program	10.553	58-000-8001	11,501
ARRA National School Lunch Program	10.555	58-000-8001	17,673
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2009/2010	10.557	20100285	404,144
2010/2011	10.557	20111370	126,597
Passed-through the Michigan Department of Energy, Labor and Economic Growth and Southeast Michigan Community Alliance			
State Administration Matching Grants for Food Stamp Program:			
Jan to Sept 10	10.561	09-02-0004	96,306
Oct to Dec 10	10.561	09-02-0004	31,031
Passed-through the Farm Service Agency			
Conservation Reserve Program	10.069	0286	<u>4,908</u>
Total U.S. Department of Agriculture			<u>692,672</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-2009-0780-HOA	<u>217,364</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0158	368
ARRA - Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2232	3,791
State Criminal Alien Assistance Program	16.606	2010-AP-BX-306	<u>1,124</u>
Total U.S. Department of Justice			<u>5,283</u>
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Energy, Labor and Economic Growth and Southeast Michigan Community Alliance			
Employment Service:			
2009/2010	17.207	09-02-0004	138,177
2010/2011	17.207	10-02-0004	86,018
Employment Service - TAA/NAFTA:			
2009/2010	17.207	09-02-004	65,714
2010/2011	17.207	09-02-0004	36,203

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, 2010

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF LABOR (concluded)			
Reemployment Services - 2009/2010	17.207	09-02-0004	\$ 48,224
Trade Case Management/reemployment - 2009/2010	17.207	09-02-0004	21,973
WIA Adult Program:			
2009/2010	17.258	09-02-004	163,927
2010/2011	17.258	10-02-0004	157,874
ARRA Dislocated Worker Program:			
2009/2010	17.260	09-02-004	58,961
2010/2011	17.260	10-02-004	125,336
WIA Dislocated Worker Program:			
2009/2010	17.260	09-02-004	226,816
2010/2011	17.260	10-02-004	78,268
WIA Statewide program:			
2009/2010	17.261	09-02-004	54,023
2010/2011	17.261	10-02-004	30
Aging Worker Initiative:			
2009/2010	17.268	10-02-0004	703
2010/2011	17.268	10-02-0004	2,199
Total U.S. Department of Labor			<u>1,264,446</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	67,921
Safe Communities Grant	20.600	PT-11-28	3,225
Total U.S. Department of Transportation			<u>71,146</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed-through Michigan Department of Agriculture Performance Partnership Grants - Clean Sweep	66.605	-n/a-	41,300
Passed-through Michigan Department of Environmental Quality Beach Monitoring	66.472	-n/a-	5,064
Operators of Small Water Systems Certification and Training	66.471	-n/a-	2,400
Total U.S. Environmental Protection Agency			<u>48,764</u>

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF ENERGY			
Passed-through Michigan Department of Energy, Labor and Economic Growth ARRA - Energy Efficiency and Conservation Block Grant	81.128	BES-10-122	\$ 458,239
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through the Michigan DHS Child Support Enforcement:			
Title IV Incentive Payments	93.563	-n/a-	226,488
Friend of the Court/Prosecutor combined:			
2009/2010	93.563	cscm 10-58003	1,071,521
2010/2011	93.563	cscm 10-58003	413,060
Foster Care Title IV E	93.658	profc 08-58001	17,332
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 10	93.558	09-02-0004	584,217
Oct to Dec 10	93.558	09-02-0004	221,971
Passed-through National Association of City and County Health Officials Medical Reserve Corp Small Grant Program	93.008	MRC 10 1426	5,000
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:			
2009/2010	93.069	20100285	226,247
2010/2011	93.069	20111370	21,649
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2009/2010	93.069	20100285	136,370
2010/2011	93.069	20111370	28,909
Family Planning Services:			
2009/2010	93.217	20100285	74,696
2010/2011	93.217	20111370	20,792
Immunization Grants:			
Federally supplied vaccines	93.268	-n/a-	408,135
VFC, AFIX and Nurse Training:			
2009/2010	93.268	20100285	5,800
2010/2011	93.268	20111370	150
Immunization Assessment:			
2009/2010	93.268	20100285	48,473
2010/2011	93.268	20111370	16,068

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
ARRA - Immunization reaching more:			
2009/2010	93.712	20100285	\$ 10,425
2010/2011	93.712	20111370	3,474
ARRA - Prevention and Wellness:			
2009/2010	93.723	20100285	24,000
2010/2011	93.723	20111370	8,862
Medical Assistance Program:			
HIV Prevention Activities - Health Department Based -			
2009/2010	93.778	20090206	1,075
CSHCS Staffing Grant:			
2009/2010	93.778	20100285	19,158
2010/2011	93.778	20111370	6,309
CSHCS Fixed Fees:			
2009/2010	93.778	20100285	8,182
2010/2011	93.778	20111370	3,335
Medicaid Outreach:			
2008/2009	93.778	20100285	111,993
2009/2010	93.778	20111370	17,184
Maternal and Child Health Services Block Grant:			
Family Planning Services -			
2010/2011	93.994	2011370	4,108
CSHCS Fixed Fees:			
2009/2010	93.778	20100285	11,815
2010/2011	93.778	20111370	600
Local Maternal and Child Health:			
2009/2010	93.994	20100285	46,869
2010/2011	93.994	20111370	13,106
CSHCS Case Management Services:			
2009/2010	93.994	20100285	16,870
2010/2011	93.994	20111370	3,639
Total U.S. Department of Health and Human Services			<u>3,847,882</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-	20,736
Passed-through Ohio Department of Public Safety			
Law Enforcement Terrorism Prevention Program	97.074	-n/a-	5,901

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, 2010

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			
2008 Port Security Program	97.056	2008-GB-TB-0062	\$ 24,659
State Domestic Preparedness Equipment Support Program - Emergency Management Performance Grants	97.042	2008	32,427
Passed-through Michigan Department of State Police and Oakland County			
State Domestic Preparedness Equipment Support Program:			
2007 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	110,873
2006 Homeland Security Grant UASI Region - Equipment	97.067	-n/a-	4,906
2006 Homeland Security Grant UASI Region - Training	97.067	-n/a-	<u>144,043</u>
Total U.S. Department of Homeland Security			<u>343,545</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,949,341</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 16, 2011

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 *Monroe County* (the "County"), as of and for the year ended December 31, 2010, and have issued our report thereon dated June 16, 2011. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 85.8% of the assets and 58.0% 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.

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 was not designed to identify all deficiencies in internal control over financial reporting that might be 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 over financial reporting that we consider to be a material weakness.

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 2010-1 to be 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted a certain matter that we reported to management of the County in a separate letter dated June 16, 2011.

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

June 16, 2011

To the Board of Commissioners of
Monroe County
Monroe, Michigan

Compliance

We have audited the compliance of *Monroe County* (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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 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 of the County's compliance with those requirements.

In our opinion, Monroe County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 2010-2.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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.



COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

X yes no

Significant deficiency(ies) identified?

yes X none reported

Noncompliance material to financial statements noted?

yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes X no

Significant deficiency(ies) identified?

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, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258 & 17.260	WIA Adult Program & Dislocated Workers
81.128	Energy Efficiency and Conservation Block Grant Program
93.069	Public Health Emergency Preparedness
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

2010-1 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, either individually or in the aggregate, material to the County's financial statements. These adjustments included corrections for cash, accounts receivable and refunding proceeds and payment to refunding escrow agent.
- 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, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

2010 -1 Material Audit Adjustments (Concluded)

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

- Cash and investment earnings were understated in the employees' retirement system fund by \$2,369,798.
- Accounts receivable and employer contributions were overstated in the health insurance internal service fund by \$145,220.
- Refunding proceeds were understated in the debt service fund by \$4,070,000. Also payment to refunding escrow agent was understated in the debt service fund by \$4,094,483. These entries were caused by the refunding bond transactions not being recorded in the fund level statements.

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

2010-2 Suspended and Debarred Parties (repeated)

17.258 & 17.260 WIA Adult Program & Dislocated Workers

81.128 Energy Efficiency and Conservation Block Grant Program

93.069 Public Health Emergency Preparedness

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.”

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

2010-2 Suspended and Debarred Parties (Concluded)

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.

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

2009-1 Significant Audit Adjustments

Issue was not resolved, repeated as finding 2010-1

2009-2 Suspended and Debarred Parties

Issue was not resolved, repeated as finding 2010-2

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