

Washtenaw
County



Year Ended
December 31,
2015

Single Audit Act
Compliance

WASHTENAW COUNTY

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**Independent Auditors' Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

March 28, 2016

To the Board of Commissioners
of Washtenaw County
Ann Arbor, 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 *Washtenaw County, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated March 28, 2016, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on those 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Rehmann Robson LLC

WASHTENAW COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
Food Distribution - Senior Nutrition Program	10.555	AAA1-B	15-9052-CH	\$ -	\$ 123,429
Food Distribution - Senior Nutrition Program	10.555	AAA1-B	16-9052-CH	-	22,424
					<u>145,853</u>
Woman, Infants and Children	10.557	MDCH	IW100342	-	941,925
Woman, Infants and Children - Peer Counselor	10.557	MDCH	IW100342	-	106,471
				-	<u>1,048,396</u>
Child and Adult Care Food Program	10.558	MDE	-n/a-	-	<u>58,099</u>
Supplemental Nutrition Assistance Program:					
2015 Supplemental Nutrition Assistance Program	10.561	MSF/WDA	15152MI100S2520	1,470	1,470
2015 Supplemental Nutrition Assistance Program	10.561	MSF/WDA	15152MI100S2518	69,421	113,993
2016 Supplemental Nutrition Assistance Program	10.561	SEMC	TBD	25,200	42,677
				<u>96,091</u>	<u>158,140</u>
Total U.S. Department of Agriculture				<u>96,091</u>	<u>1,410,488</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grant/Entitlement Grant Cluster:					
2010 Community Development Block Grant	14.218	Direct	B-10-UC-26-0006	1,387	3,074
2011 Community Development Block Grant	14.218	Direct	B-11-UC-26-0006	43,069	43,069
2012 Community Development Block Grant	14.218	Direct	B-12-UC-26-0006	110,271	118,259
2013 Community Development Block Grant	14.218	Direct	B-13-UC-26-0006	280,133	806,856
2014 Community Development Block Grant	14.218	Direct	B-14-UC-26-0006	328,854	684,085
2015 Community Development Block Grant	14.218	Direct	B-15-UC-26-0006	182,587	185,887
				<u>946,301</u>	<u>1,841,230</u>
Emergency Shelter Grants Program:					
2013 Emergency Shelter Grants Program	14.231	Direct	E-13-UC-26-0006	231	231
2014 Emergency Shelter Grants Program	14.231	Direct	E-14-UC-26-0006	103,052	108,315
2015 Emergency Shelter Grants Program	14.231	Direct	E-15-UC-26-0006	39,677	48,757
2014 Emergency Shelter Grants Program	14.231	MSHDA	HML-2014-0783-ESF	235,805	236,233
2015 Emergency Shelter Grants Program	14.231	MSHDA	HML-2015-0783-ESF	108,831	117,681
				<u>487,596</u>	<u>511,217</u>
Supportive Housing Program:					
2014 Supportive Housing Program	14.235	AAHC	MI0422L5F091300	-	137,607
2015 Supportive Housing Program	14.235	AAHC	MI0422L5F091401	-	40,554
				-	<u>178,161</u>
Home Investment Partnership Program:					
2011 HOME Investment Partnerships Program	14.239	Direct	M-11-UC-26-0006	(373)	(373)
2012 HOME Investment Partnerships Program	14.239	Direct	M-12-UC-26-0006	156,407	156,407
2013 HOME Investment Partnerships Program	14.239	Direct	M-13-UC-26-0006	250,581	250,581
2014 HOME Investment Partnerships Program	14.239	Direct	M-14-UC-26-0006	243,629	294,859
2015 HOME Investment Partnerships Program	14.239	Direct	M-15-UC-26-0006	86,954	146,906
				<u>737,198</u>	<u>848,380</u>

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Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Housing and Urban Development (continued)					
Continuum of Care Planning Grant:					
2014 Continuum of Care Planning Grant	14.267	Direct	MI0414L5F091300	\$ -	\$ 37,786
2015 Continuum of Care Planning Grant	14.267	Direct	MI0452L5F091400	-	20,769
				<u>-</u>	<u>58,555</u>
Community Challenge Planning Grant	14.704	Direct	CCPMI0057-11	102,387	154,047
Total U.S. Department of Housing and Urban Development				<u>2,273,482</u>	<u>3,591,590</u>
U.S. Department of Justice					
2011-2016 Violence Against Women	16.590	Direct	2011-WE-AX-0036	381	381
Byrne Justice Assistance Grant:					
2012 Byrne Justice Assistance Grant	16.738	Direct	2012-DJ-BX-0690	-	22,285
2013 Byrne Justice Assistance Grant	16.738	Direct	2013-DJ-BX-0667	-	35,236
2014 Byrne Justice Assistance Grant	16.738	Direct	2014-DJ-BX-1155	-	4,137
				<u>-</u>	<u>61,658</u>
Total U.S. Department of Justice				<u>381</u>	<u>62,039</u>
U.S. Department of Labor					
Employment Service/Wagner-Peyser					
Funded Activities:					
2014 Employment Service/Wagner-Peyser Funded Activities	17.207	MSF/WDA	ES260561455A26	148,130	235,160
2015 Employment Service/Wagner-Peyser Funded Activities	17.207	MSF/WDA	ES274871555A26	39,018	62,495
2015 Employment Service/Wagner-Peyser Funded Activities	17.207	SEMC	ES274871555A26	36,476	70,616
				<u>223,624</u>	<u>368,271</u>
Trade Adjustment Assistance:					
2002 Trade Adjustment Assistance (FY 15)	17.245	MSF/WDA	-n/a-	-	32,370
2009/2011 Trade Adjustment Assistance (FY 15)	17.245	MSF/WDA	-n/a-	-	52,758
2014 Reversion Trade Adjustment Assistance (FY 15)	17.245	MSF/WDA	-n/a-	-	16,586
2014 Trade Adjustment Assistance - Case Management (FY 15)	17.245	MSF/WDA	-n/a-	55,236	191,573
2014 Trade Adjustment Assistance - Administrative (FY 15)	17.245	MSF/WDA	-n/a-	-	1,998
2002 Trade Adjustment Assistance (FY 16)	17.245	SEMC	-n/a-	-	565
2009/2011 Trade Adjustment Assistance (FY 16)	17.245	SEMC	-n/a-	-	12,892
2014 Reversion Trade Adjustment Assistance (FY 16)	17.245	SEMC	-n/a-	-	249
2015 Trade Adjustment Assistance (FY 16)	17.245	SEMC	-n/a-	-	257
2015 Trade Adjustment Assistance - Case Management (FY 16)	17.245	SEMC	-n/a-	6,264	34,305
				<u>61,500</u>	<u>343,553</u>

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Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (continued)					
Workforce Investment Act Cluster:					
Adult	17.258	MSF/WDA	AY14-AA253601455A26	\$ 121,654	\$ 341,038
Adult	17.258	MSF/WDA	AA267861555A26	37,863	76,064
Adult	17.258	SEMC	AA267861555A26	45,709	105,619
Youth	17.259	MSF/WDA	AY14-AA253601455A26	276,462	578,983
Youth	17.259	MSF/WDA	AA267861555A26	102,030	132,544
Youth	17.259	SEMC	AA267861555A26	101,657	176,451
Dislocated Workers	17.278	MSF/WDA	AY14-AA253601455A26	177,235	330,997
Dislocated Workers	17.278	MSF/WDA	AA267861555A26	46,290	75,924
Dislocated Workers	17.278	SEMC	AA267861555A26	81,828	118,648
				<u>990,728</u>	<u>1,936,268</u>
NEG Dislocated Worker Training	17.277	MSF/WDA	EM244571360A26	24,527	37,965
NEG Dislocated Worker Training	17.277	SEMC	EM244571360A26	1,963	1,963
				<u>26,490</u>	<u>39,928</u>
Jobs-Driven NEG Dislocated Worker Training	17.277	LCMWA	MOU-14-1-0-JDNEG	43,638	104,628
Total U.S. Department of Labor				<u>1,345,980</u>	<u>2,792,648</u>
U.S. Department of Transportation					
Strategic Traffic Enforcement Program	20.616	MOHSP	PT-15-12	-	90,492
Strategic Traffic Enforcement Program	20.616	MOHSP	PT-16-11	-	9,330
				<u>-</u>	<u>99,822</u>
Underage Drinking Grant	20.616	MOHSP	AL-15-14	-	14,161
Total U.S. Department of Transportation				<u>-</u>	<u>113,983</u>
U.S. Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds:					
HRGI Geddes Ave - Project 5594.01	66.458	MDEQ	-n/a-	-	224,254
Malletts Creek Stone School - Project 5475.01	66.458	MDEQ	-n/a-	-	183,472
HRGI 13-14 Trees - Project 5504.02	66.458	MDEQ	-n/a-	-	110,796
				<u>-</u>	<u>518,522</u>
Nonpoint Source Implementation Grant	66.460	MDEQ	C9975474-14	-	54,245
State Grants to Reimburse Operators of Small Water Systems for Operator Assistance	66.468	MDEQ	CT975861	-	1,630
Performance Partnership Grants:					
2014 Water Stewardship/Clean Sweep	66.605	MDA	791N5500073-A	-	22,984
2015 Water Stewardship/Clean Sweep	66.605	MDA	791N6600052	-	15,431
				<u>-</u>	<u>38,415</u>
Total U.S. Environmental Protection Agency				<u>-</u>	<u>612,812</u>

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Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Energy					
Weatherization Assistance for Low-Income Persons	81.042	MDHS	DOE-13-81029-2	\$ -	\$ 280,253
Weatherization Assistance for Low-Income Persons	81.042	MDHS	DOE-13-81029-3	-	96,341
				<u>-</u>	<u>376,594</u>
U.S. Department of Health and Human Services					
* Promote, Support and Build Capacity in the Medical Reserve Corp	93.008	MDCH	MRC 15 - 1984	-	3,500
Special Programs for the Aging:					
Title III, Part C - Nutrition Services	93.045	AAA1-B	15-9052-CH	137,769	625,209
Title III, Part C - Nutrition Services	93.045	AAA1-B	16-9052-CH	12,625	183,759
				<u>150,394</u>	<u>808,968</u>
* Public Health Emergency Preparedness:					
Ebola Active Monitoring Cycle I	93.069	MDCH	391N5501718	-	5,400
Ebola Virus Disease Phase II	93.069	MDCH	U90TP000528	-	17,929
Focus A	93.069	MDCH	U90TP000528	-	166,396
				<u>-</u>	<u>189,725</u>
* Projects for Assistance in Transition from Homelessness (PATH)	93.150	WCHO	20130320-00	-	129,542
* Substance Abuse and Mental Health Services - SAMHSA - Creating Health Home (PBHCI)	93.243	WCHO	5H79SM059567	-	54,256
* Immunization Cluster:					
Immunization Cooperative Agreements	93.268	MDCH	H23 CCH522556	-	141,124
Immunization Billing Practice Infrastructure Enhancements	93.268	MDCH	1H23IP000940-01	-	1,949
Immunization Grants - Vaccines	93.268	MDCH	H23 CCH522556	-	69,876
				<u>-</u>	<u>212,949</u>
* State Participating Program to Improve Minority Health	93.296	MDCH	1STTMP131098	-	6,727
* PPHF Capacity Building Assistance	93.539	MDCH	H23IP000752	-	11,909
Temporary Assistance for Needy Families:					
2015 Temporary Assistance for Needy Families	93.558	MSF/WDA	1502MITANF	356,500	657,097
2015 Temporary Assistance for Needy Families - Supportive Svcs	93.558	MSF/WDA	1502MITANF	16,000	24,000
2016 Temporary Assistance for Needy Families	93.558	SEMC	TBD	93,279	210,494
				<u>465,779</u>	<u>891,591</u>
Child Support Enforcement:					
2014 Family Support Payments to States	93.563	MDHS	CSFOC14-81001	-	254,762
2015 Family Support Payments to States	93.563	MDHS	CSFOC15-81001	-	82,324
				<u>-</u>	<u>337,086</u>
2015 Department of Health and Human Services Incentive Payment Refund	93.563	MDHS	CSFOC15-81001	-	42,601

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Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (continued)					
Child Support Enforcement (continued):					
2014 Friend of the Court	93.563	MDHS	CSFOC14-81001	\$ -	\$ 2,173,286
2015 Friend of the Court	93.563	MDHS	CSFOC15-81001	-	779,523
				-	2,952,809
2014 Prosecuting Attorney	93.563	MDHS	CSPA14-81002	-	270,045
2015 Prosecuting Attorney	93.563	MDHS	CSPA15-81002	-	94,000
				-	364,045
Total Child Support Enforcement				-	3,696,541
* Refugee Assistance Program (RAP) - Health Assessment Services for Refugees	93.566	MDHS	RAHS13-81001	-	40,613
2014 Low-Income Home Energy Assistance Program	93.568	MDHS	LIHEAP 13-81029	-	178,614
2015 Low-Income Home Energy Assistance Program	93.568	MDHS	LIHEAP 13-81029-1	-	3,262
				-	181,876
Community Services Block Grant:					
2014 Community Services Block Grant	93.569	MDHS	CSBG 14-81029-2	-	485,365
2014 Community Services Block Grant - Discretionary	93.569	MDHS	CSBGD 14-81029-2	-	14,962
2015 Community Services Block Grant	93.569	MDHS	CSBG 14-81029-3	-	64,237
				-	564,564
* 2014 Grants to States for Access and Visitation Program	93.597	SCAO	-n/a-	405	405
* 2015 Grants to States for Access and Visitation Program	93.597	SCAO	-n/a-	300	300
				705	705
* Connecting Kids to Coverage - Coverage Counts: Connecting Teens, Immigrant Homeless to Insurance	93.767	Direct	1ZOCMS331207-01-01	-	302,637
* Medical Assistance Program:					
Child Special Health Care	93.778	MDCH	05 U05M15ADM	-	86,000
CSHCS Medicaid Outreach	93.778	MDCH	05 U05M15ADM	-	30,410
Medicaid Outreach - Advocate	93.778	MDCH	05 U05M15ADM	-	117,297
Medicaid Outreach	93.778	MDCH	05 U05M15ADM	-	88,810
				-	322,517
* HIV Prevention Project - HIV Prevention Activities	93.940	CMHPSM	U62 PS003671	-	48,451
* Integrated Health	93.958	CMHPSM	12B1MICMHS	-	75,000
* Parent Management Training Oregon (PMTO)	93.958	WCHO	12B1MICMHS	-	21,298
Preventive Health and Health Services:					
* Building Healthy Communities	93.991	MDCH	2B01OT009028	-	61,936
* Minority Health	93.991	MDCH	2B01OT009028	-	23,125
				-	85,061

continued...

WASHTENAW COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (continued)					
* Sexually Transmitted Disease (STD) Control	93.991	MDCH	2B01OT009028	\$ -	\$ 18,710
* Maternal and Child Health Services Block Grant:					
CSHCS	93.994	MDCH	B1M1MCHS	-	43,158
Obesity	93.994	MDCH	B1M1MCHS	-	63,000
				-	106,158
Total U.S. Department of Health and Human Services				<u>616,878</u>	<u>7,773,298</u>
Corporation for National Community Service					
Foster Grandparent Program	94.011	Direct	14SFNMI001	-	226,334
Office of National Drug Control Policy					
High Intensity Drug Trafficking Area:					
2013 Management and Coordination Initiative	95.001	MDSP	G13SM0003A	-	(1,300)
2014 Management and Coordination Initiative	95.001	MDSP	G14SM0003A	-	1,010,242
2015 Management and Coordination Initiative	95.001	MDSP	G15SM0003A	-	40,306
Total Office of National Drug Control Policy				-	1,049,248
U.S. Department of Homeland Security					
Emergency Food And Shelter Program	97.024	UWW	32-4832-00	-	2,018
Emergency Management Performance Grant	97.042	MDSP	EMW-2015-EP-00029-S01	-	59,644
Homeland Security Grant Program:					
2011 Homeland Security Grant Program	97.067	MDSP	2011 HSGP	-	(1,536)
2012 Homeland Security Grant Program	97.067	MDSP	2012 HSGP	-	(1,417)
2013 Homeland Security Grant Program	97.067	MDSP	2013 HSGP	-	197,961
2014 Homeland Security Grant Program	97.067	MDSP	2014 HSGP	-	315,714
				-	510,722
Total U.S. Department of Homeland Security				-	572,384
Total Expenditures of Federal Awards				<u>\$ 4,332,812</u>	<u>\$ 18,581,418</u>

See notes to schedule of expenditures of federal awards.

concluded.

* See Note 3.

WASHTENAW COUNTY

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Washtenaw County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Comprehensive Annual Financial Report. The County's financial statements include the operations of the Washtenaw County Road Commission, which received federal awards that are not included in the Schedule for the year ended December 31, 2015, as this entity was separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. FISCAL REPORTING

Certain departments and their grants are reported on a September 30 year-end basis; these are denoted on the Schedule with an asterisk (*).

4. PASS-THROUGH AGENCIES

The County receives certain federal awards as subgrants from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
AAA1-B	Area Agency on Aging 1-B
AAHC	Ann Arbor Housing Commission
CMHPSM	Community Mental Health Partnership of Southeast Michigan
LCMWA	Livingston County Michigan Works Agency
MDA	Michigan Department of Agriculture
MDCH	Michigan Department of Community Health

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WASHTENAW COUNTY

Notes to Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHS	Michigan Department of Human Services
MDSP	Michigan Department of State Police
MOHSP	Michigan Office of Highway Safety Planning
MSF/WDA	Michigan Strategic Fund/Workforce Development Agency
MSHDA	Michigan State Housing Development Authority
SCAO	State Court Administrative Office
SEMC	Southeast Michigan Consortium
UWW	United Way Worldwide
WCHO	Washtenaw County Health Organization

concluded.



**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***

March 28, 2016

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

We have audited, in accordance with the 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Washtenaw County, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2016. Our report includes a reference to other auditors who audited the financial statements of the Washtenaw County Road Commission as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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.

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 2015-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobson LLC

**Independent Auditors' Report on Compliance for Each Major Federal Program
and Internal Control over Compliance Required by the Uniform Guidance**

March 28, 2016

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Washtenaw County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Washtenaw County Road Commission. Our audit, described below, did not include the operations of the Washtenaw County Road Commission because that entity arranged for a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance 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, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rehmann Johnson LLC

WASHTENAW COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

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:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes X no

Identification of major programs:

CFDA Number

14.218

Name of Federal Program or Cluster

Community Development Block Grants

Entitlement Grants Cluster

14.239

Home Investment Partnerships Program

17.258, 17.259 and 17.278

Workforce Investment Act Cluster

93.563

Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes X no

WASHTENAW COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001 - Material Audit Adjustment (repeat comment)

Finding Type. Material weakness in internal controls over financial reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed a material adjustment (which was approved and posted by management) to adjust the County's general ledger to the appropriate balances. Revenues in the Water Resource funds were understated by approximately \$990,000 and the related deferred revenues were overstated by the same amount.

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

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. The necessary adjustment has been made in the accounting records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

View of Responsible Officials. We work diligently throughout the year to keep the general ledger in balance and correct. We prepared more than 5,700 journal entries during 2015 to accomplish this objective. While we strive for perfection, occasionally an adjustment is missed or a mistake is accidentally made. We believe our internal controls to be strong, however, they have been designed to provide reasonable, not absolute, assurance that transaction amounts are properly recorded and correctly stated. For the adjustment noted above, the fiscal person in the Office of the Water Resources Commissioner ran the financial report that was needed for the adjustment but mistakenly selected fund rather than business unit in the report selection criteria. This caused incorrect information to be produced for the journal entry. The fiscal person has made careful notes on the correct information to include when running the report in future years so that this situation does not recur. This adjustment was made for a component unit of the County and did not involve any federal grant dollars.

WASHTENAW COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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WASHTENAW COUNTY

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2015

Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards

Several significant adjustments were required resulting in changes to the total federal awards expended, which in turn caused multiple reassessments of risk in determining and selecting major federal programs for testing. This finding has been adequately resolved.

Finding 2014-002 - Material Audit Adjustments

The audit identified the need for substantial adjustments to the County's accounting records, which impacted the public health special revenue fund and a variety of financial statement areas that collectively had a material effect on the County's financial statements.

This 2014 finding related to the public health special revenue fund was adequately resolved. During the current year audit, a material audit adjustment was necessary for the water resources commissioner component unit. See finding 2015-001 in the current year Schedule of Findings and Questioned Costs.

