

**WASHTENAW COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2005



REHMANN ROBSON

Certified Public Accountants

**WASHTENAW COUNTY, MICHIGAN
SINGLE AUDIT**

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Michigan Department of Education:		
Food Commodities:		
Entitlement & Bonus Commodities 2004	10.550	\$ 3,498
Entitlement & Bonus Commodities 2005	10.550	2,312
School Breakfast Program:		
National School Lunch/Breakfast	10.553	12,731
CACFP	10.558	21,864
National School Lunch Program:		
National School Lunch	10.555	24,512
CACFP	10.558	<u>76,395</u>
Total Michigan Department of Education		141,312
Passed through Michigan Department of Community Health - Women, Infants and Children		
	10.557	<u>556,509</u>
Total U.S. Department of Agriculture		<u>697,821</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Community Development Block Grant / Entitlement Grants	14.218	988,873
HOME Investment Partnerships Program	14.239	366,989
American Dream Downpayment Initiative	14.239	<u>16,618</u>
Total Direct Programs		1,372,480
Passed through SOS Community Services, Inc. - Supportive Housing Program		
	14.235	<u>119,082</u>
Total U.S. Department of Housing and Urban Development		<u>1,491,562</u>
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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF THE INTERIOR		
Passed through Michigan Department of History, Arts and Libraries - Historic Preservation Fund Grants-In-Aid	15.904	\$ 25,241
U.S. DEPARTMENT OF JUSTICE		
Direct Programs:		
Violence Against Women	16.590	633,555
Local Law Enforcement Block Grant	16.592	28,477
Total Direct Programs		662,032
Passed through Michigan Department of Human Services - Juvenile Accountability Incentive Block Grants:		
Juvenile Accountability	16.523	82,707
Building Restorative Communities Grant	16.540	64,350
Federal Drug Court Grant Program	16.585	1,057
Total Michigan Department of Human Services		148,114
Total U.S. Department of Justice		810,146
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Michigan Office of Highway Safety Planning - State and Community Highway Safety - Drive Michigan Safely	20.600	85,019

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct Programs:		
Brownfields Assessment and Cleanup Cooperative Agreements:		
Assessment Petroleum	66.818	\$ 736
Revolving Loan Fund	66.818	21,997
Assessment Pilot	66.818	41,631
Total Direct Programs		64,364
Passed through Michigan Department of Environmental Quality:		
Indoor Radon Grant	66.032	6,259
Mallets Creek Site Design for Regional Detention	66.460	35,288
Arsenic Rule	66.468	2,063
Operator Certification	66.471	10,910
Total Michigan Department of Environmental Quality		54,520
Total U.S. Environmental Protection Agency		118,884
U.S. DEPARTMENT OF ENERGY		
Passed through Michigan Department of Labor & Economic Growth -		
Solar Photovoltaic Demonstration	81.041	60,000
Passed through Michigan Department of Consumer & Industry Services -		
Rebuild Michigan	81.119	3,365
Total U.S. Department of Energy		63,365

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Programs:		
Community Access Program	93.252	\$ 360,811
Head Start	93.600	3,685,783
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Total Direct Programs		4,046,594
Passed through Michigan Department of Community Health:		
Tuberculosis Control Programs	93.116	15,936
Immunization Grants:		
Immunization Action Plan	93.268	135,712
Vaccine Handling	93.268	6,535
Vaccines	93.268	907,182
Centers for Disease Control and Prevention - Investigations and Technical Assistance:		
Bioterrorism - EPI	93.283	211,238
CDC Emergency Prep. - Focus F	93.283	34,877
CDC Emergency Prep. - Focus G	93.283	17,899
Medical Assistance Program:		
Care Coordination	93.778	2,732
Infant Mortality	93.778	20,228
Medicaid	93.778	66,340
QHP Medicaid	93.778	58,525
Medicaid - Full Cost (settlement)	93.778	108,902
Medicaid - Full Cost	93.778	542,348
Child Special Health Care	93.778	14,988
HIV Prevention Program -		
HIV/AIDS Counseling and Testing	93.940	81,926
Maternal and Child Health Services Block Grant:		
Local Maternal and Child Health	93.994	109,958
SIDS	93.994	4,370
Child Special Health Care	93.994	21,998
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Total Michigan Department of Community Health		2,361,694

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)		
Passed through Washtenaw Community Health Organization:		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$ 124,921
Community Mental Health Services Block Grant:		
Wraparound Services Initiative	93.958	50,000
Child Respite	93.958	4,762
Cognitive Impairment	93.958	54,227
Block Grants for Prevention and Treatment of Substance Abuse - State Incentive Grant	93.959	162,043
Omnibus Budget Reconciliation Act - Preadmission Screenings and Annual Resident Reviews	93.778	352,407
Total Washtenaw Community Health Organization		748,360
Passed through Michigan Department of Human Services - Child Support Enforcement:		
Friend of the Court	93.563	3,550,876
Prosecuting Attorney	93.563	381,222
Total Michigan Department of Human Services		3,932,098
Total U.S. Department of Health and Human Services		11,088,746
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Michigan Department of State Police:		
State Domestic Preparedness Equipment Support Program:		
2003 SHSGP Part II Training Grant	97.004	27,428
2004 Homeland Security Grant Program	97.004	577,741
State and Local All Hazards Emergency Operations Planning		
2002 Supplemental Planning Grant	97.051	50,342
Homeland Security Grant Program:		
2005 Homeland Security Grant Program	97.067	17,381
Emergency Management Performance Grant	97.067	50,462
Total U.S. Department of Homeland Security		723,354
TOTAL FEDERAL AWARDS		\$ 15,104,138

WASHTENAW COUNTY, 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 Washtenaw County, Michigan (the "County") and is presented on the 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, Washtenaw County, Michigan provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Women, Infants and Children	10.557	\$ 95,508
Community Development Block Grant	14.218	558,742
HOME Investment Partnerships Program	14.239	207,040
Violence Against Women	16.590	109,289
Community Access Program	93.252	172,726
Block Grants for Prevention and Treatment of Substance Abuse	93.959	23,341
Head Start	93.600	1,712,186
State Domestic Preparedness Equipment Support Program	97.004	50,342

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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***

February 24, 2006

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**, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 0.4% of the assets and 7.5% of the revenues of the aggregate remaining fund information and 0.5% of the assets and 4.2% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 70.5% of the assets and 88.8% 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 opinions, insofar as they relate to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, are 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 **Washtenaw County, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the reports of other auditors noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Washtenaw County, Michigan'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*.

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**

February 24, 2006

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

Compliance

We have audited the compliance of *Washtenaw County, Michigan* 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, 2005. *Washtenaw County, Michigan'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 *Washtenaw County, Michigan's* management. Our responsibility is to express an opinion on *Washtenaw County, Michigan's* compliance based on our audit.

Washtenaw County, Michigan's financial statements include the operations of the Employment Training and Community Services Fund, a special revenue fund of the County, which received \$6,899,333 in federal awards, which is not included in the accompanying schedule of expenditures of federal awards for the year ended December 31, 2005. Our audit, as described below, did not include the operations of the Employment Training and Community Services Fund because it was audited by other auditors in accordance with OMB Circular A-133.

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 *Washtenaw County, Michigan'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 *Washtenaw County, Michigan's* compliance with those requirements.

In our opinion, *Washtenaw County, Michigan* complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of *Washtenaw County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Washtenaw County, Michigan's* internal control over compliance with 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our report and the report of other auditors noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 *Washtenaw County, Michigan* as of and for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise *Washtenaw County, Michigan'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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 0.4% of the assets and 7.5% of the revenues of the aggregate remaining fund information and 0.5% of the assets and 4.2% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 70.5% of the assets and 88.8% 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 Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) 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 weakness(es) identified?

_____ yes X no

Reportable condition(s) 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)?

_____ yes X no

WASTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$453,124

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

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