

**WASHTENAW COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2006



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, 2006

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 2006	10.550	\$ 2,107
School Breakfast Program:		
National School Lunch/Breakfast	10.553	12,170
CACFP	10.558	24,729
National School Lunch Program:		
National School Lunch	10.555	23,424
CACFP	10.558	82,051
Total Michigan Department of Education		144,481
Passed through Michigan Department of Community Health - Women, Infants and Children		
	10.557	603,880
Total U.S. Department of Agriculture		748,361
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Community Development Block Grant / Entitlement Grants	14.218	749,261
HOME Investment Partnerships Program	14.239	494,238
American Dream Downpayment Initiative	14.239	20,000
Total Direct Programs		1,263,499
Passed through SOS Community Services, Inc. - Supportive Housing Program		
	14.235	151,874
Total U.S. Department of Housing and Urban Development		1,415,373
U.S. DEPARTMENT OF THE INTERIOR		
Passed through Michigan Department of History, Arts and Libraries -		
Historic Preservation Fund Grants-In-Aid	15.904	16,924

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE		
Direct Program -		
Violence Against Women	16.590	\$ 281,407
Local Law Enforcement Block Grant	16.592	21,872
Byrne Justice Assistance Grant	16.738	<u>4,100</u>
Total Direct Programs		<u>307,379</u>
Passed through Michigan Department of Human Services		
Juvenile Accountability Incentive Block Grants:		
Juvenile Accountability	16.523	23,095
Building Restorative Communities Grant	16.540	75,991
Federal Drug Court Grant Program	16.585	<u>12,721</u>
Total Department of Human Services		<u>111,807</u>
Passed through the Office of Juvenile Justice and Delinquency Prevention -		
National CASA Expansion Grant	16.547	<u>16,686</u>
Total U.S. Department of Justice		<u>435,872</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Michigan Office of Highway Safety Planning -		
State and Community Highway Safety -		
Drive Michigan Safely	20.600	46,388
Drive Michigan Safely - Youth Alcohol	20.600	<u>11,768</u>
Total U.S. Department of Transportation		<u>58,156</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct Program:		
Brownfields Assessment and Cleanup Cooperative Agreements:		
Assessment Petroleum	66.811	71,287
Revolving Loan Fund	66.818	<u>11,960</u>
Total Direct Programs		<u>83,247</u>

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	<u>Expenditures</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY (concluded)		
Passed through Michigan Department of Environmental Quality:		
Mallets Creek Site Design for Regional Detention	66.460	\$ 27,659
Mallets Creek Drainage District	66.458	584,798
Arsenic Rule	66.468	2,072
Operator Certification	66.471	<u>11,300</u>
Total Michigan Department of Environmental Quality		<u>625,829</u>
Total U.S. Environmental Protection Agency		<u>709,076</u>
U.S. DEPARTMENT OF ENERGY		
Passed through Michigan Department of Consumer & Industry Services -		
Rebuild Michigan	81.119	<u>4,997</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Programs:		
Community Access Program	93.252	39,926
Head Start	93.600	<u>3,482,551</u>
Total Direct Programs		<u>3,522,477</u>
Passed through State Court Administration Office:		
Access & Visitation	93.597	<u>19,783</u>
Total State Court Administration		<u>19,783</u>

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)		
Passed through Michigan Department of Community Health:		
Tuberculosis Control Programs	93.116	\$ 16,702
Immunization Grants:		
Immunization Action Plan	93.268	138,257
Vaccines	93.268	834,726
VFC Provider Site Visits	93.268	4,000
Immunization Nurse Training	93.268	4,350
Immunization AFIX	93.268	800
Bioterrorism - EPI	93.283	272,041
CDC Emergency Prep. - Plan Flu	93.283	51,661
Developmental Disabilities Basic Support		
Advocacy Grant	93.630	18,099
Medical Assistance Program:		
Medicare	93.774	294,256
Care Coordination	93.778	3,940
Infant Mortality	93.778	63,218
Medicaid	93.778	44,425
QHP Medicaid	93.778	53,118
Medicaid - Full Cost (settlement)	93.778	37,155
Medicaid - Full Cost	93.778	223,935
Child Special Health Care	93.778	30,672
HIV Prevention Program -		
HIV/AIDS Counseling and Testing	93.940	86,135
Maternal and Child Health Services Block Grant:		
Local Maternal and Child Health	93.994	109,958
STD	93.991	27,249
Child Special Health Care	93.994	21,828
Total Michigan Department of Community Health		2,336,525
Passed through Washtenaw Community Health Organization:		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	129,000
Substance Abuse Prevention and Treatment Block Grant -		
State Incentive Grant	93.243	155,000
Community Mental Health Services Block Grant:		
Jail Diversion	93.958	75,000
Wraparound Services Initiative	93.958	50,000
Child Respite	93.958	3,855
Cognitive Impairment	93.958	53,427
Omnibus Budget Reconciliation Act -		
Preadmission Screenings and Annual Resident Reviews	93.778	358,696
Substance Abuse Prevention and Treatment Block Grant -		
Prevention	93.959	15,168
Total Washtenaw Community Health Organization		840,146

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)		
Passed through Michigan Department of Human Services		
Child Support Enforcement:		
Friend of the Court	93.563	\$ 3,636,715
Prosecuting Attorney	93.563	373,561
Total Michigan Department of Human Services		4,010,276
Total U.S. Department of Health and Human Services		10,729,207
 U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Michigan Department of State Police:		
State Domestic Preparedness Equipment Support Program:		
2004 Homeland Security Grant Program	97.004	492,032
2004 Homeland Security Grant Program	97.004	22,000
Public Assistance Grant	97.036	60,774
Homeland Security Grant Program:		
2005 Homeland Security Grant Program	97.067	661,388
Emergency Management Performance Grant	97.067	49,664
Total U.S. Department of Homeland Security		1,285,858
TOTAL FEDERAL AWARDS		\$ 15,403,824

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	\$ 128,001
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	33,969
Block Grants for Prevention and Treatment of Substance Abuse – State Incentive	93.243	24,466
Head Start	93.600	1,522,610

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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***

March 15, 2007

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, 2006, and have issued our report thereon dated March 15, 2007. We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 4.2% of the assets and 18.9% of the revenues of the aggregate remaining fund information and 0.2% 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 71.3% of the assets and 84.1% 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 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control.

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

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*.

We noted certain matters that we reported to management of Washtenaw County in a separate letter dated March 15, 2007.

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**

March 15, 2007

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, 2006. **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, 2006. 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 each of its major federal programs for the year ended December 31, 2006.

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 significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood 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, 2006, and have issued our report thereon dated March 15, 2007. 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 4.2% of the assets and 18.9% of the revenues of the aggregate remaining fund information and 0.2% 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 71.3% of the assets and 84.10% 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.



WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2006

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

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 weakness(es) 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)?

_____ yes X no

WASTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Funds
93.268	Immunization Grants
93.563	Child Support Enforcement

Dollar threshold used to distinguish
between Type A and Type B programs: \$462,115

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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