

Washtenaw
County, Michigan



Year Ended
December 31,
2019

Single Audit Act
Compliance

WASHTENAW COUNTY, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

May 4, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated May 4, 2020, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Rehmann Robson LLC

WASHTENAW COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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	18-9052-CH	\$ -	\$ 160,800
Food Distribution - Senior Nutrition Program	10.555	AAA1-B	19-9052-CH	-	31,327
* Child and Adult Care Food Program:					
Breakfast	10.553	MDE	-n/a-	-	11,701
Lunch/Snack	10.555	MDE	-n/a-	-	23,012
Entitlement	10.555	MDE	-n/a-	-	4,905
Bonus	10.555	MDE	-n/a-	-	493
				<u>-</u>	<u>232,238</u>
* Women, Infants and Children	10.557	MDHHS	182MI003W1003	-	972,466
* Women, Infants and Children - Peer Counselor	10.557	MDHHS	16162MI013W5003	-	115,166
				<u>-</u>	<u>1,087,632</u>
Supplemental Nutrition Assistance Program Cluster- State Administrative Matching Grants for SNAP Worksite Wellness	10.561	MDHHS	201818Q390342	4,583	4,802
Agricultural Conservation Easement Program	10.931	NRCS-MI	545D211401H61	-	284,404
Total U.S. Department of Agriculture				<u>4,583</u>	<u>1,609,076</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grant/Entitlement Grant Cluster:					
2009 Community Development Block Grant	14.218	Direct	B-09-UC-26-0006	-	51,796
2010 Community Development Block Grant	14.218	Direct	B-10-UC-26-0006	-	29,269
2011 Community Development Block Grant	14.218	Direct	B-11-UC-26-0006	-	(191,984)
2012 Community Development Block Grant	14.218	Direct	B-12-UC-26-0006	-	157,648
2013 Community Development Block Grant	14.218	Direct	B-13-UC-26-0006	-	81,639
2014 Community Development Block Grant	14.218	Direct	B-14-UC-26-0006	-	(152,552)
2015 Community Development Block Grant	14.218	Direct	B-15-UC-26-0006	-	(4,593)
2016 Community Development Block Grant	14.218	Direct	B-16-UC-26-0006	140,246	168,185
2017 Community Development Block Grant	14.218	Direct	B-17-UC-26-0006	182,357	515,253
2018 Community Development Block Grant	14.218	Direct	B-18-UC-26-0006	634,619	1,185,228
2019 Community Development Block Grant	14.218	Direct	B-19-UC-26-0006	254,316	280,773
				<u>1,211,538</u>	<u>2,120,662</u>
Emergency Shelter Grants Program:					
2017 Emergency Shelter Grants Program	14.231	Direct	E-17-UC-26-0006	4,767	4,767
2018 Emergency Shelter Grants Program	14.231	Direct	E-18-UC-26-0006	134,354	141,027
2019 Emergency Shelter Grants Program	14.231	Direct	E-19-UC-26-0006	33,722	36,385
2018 Emergency Shelter Grants Program	14.231	MSHDA	HML-2018-0783-ESF	361,996	366,790
2019 Emergency Shelter Grants Program	14.231	MSHDA	HML-2019-0783-ESF	100,911	105,194
				<u>635,750</u>	<u>654,163</u>
Home Investment Partnership Program:					
2008 HOME Investment Partnerships Program	14.239	Direct	M-08-UC-26-0006	-	38,725
2009 HOME Investment Partnerships Program	14.239	Direct	M-09-UC-26-0006	-	(27,543)
2010 HOME Investment Partnerships Program	14.239	Direct	M-10-UC-26-0006	-	297,727
2011 HOME Investment Partnerships Program	14.239	Direct	M-11-UC-26-0006	-	46,512
2012 HOME Investment Partnerships Program	14.239	Direct	M-12-UC-26-0006	-	33,774
2013 HOME Investment Partnerships Program	14.239	Direct	M-13-UC-26-0006	-	73,696
2014 HOME Investment Partnerships Program	14.239	Direct	M-14-UC-26-0006	-	(140,688)
2015 HOME Investment Partnerships Program	14.239	Direct	M-15-UC-26-0006	91,973	91,973
2016 HOME Investment Partnerships Program	14.239	Direct	M-16-UC-26-0006	216,609	216,609
2017 HOME Investment Partnerships Program	14.239	Direct	M-17-UC-26-0006	349,072	349,072
2018 HOME Investment Partnerships Program	14.239	Direct	M-18-UC-26-0006	594,895	657,941
2019 HOME Investment Partnerships Program	14.239	Direct	M-19-UC-26-0006	-	82,488
				<u>1,252,549</u>	<u>1,720,286</u>
Continuum of Care Planning Grant:					
2018 Continuum of Care Planning Grant	14.267	Direct	MI0583L5F091700	-	39,648
2019 Continuum of Care Planning Grant	14.267	Direct	MI0620L5F091800	-	137,896
2018 Supportive Housing Program	14.267	Direct	MI0486L5F091702	-	113,881
2019 Supportive Housing Program	14.267	Direct	MI0486L5F091803	-	37,035
				<u>-</u>	<u>328,460</u>
Total U.S. Department of Housing and Urban Development				<u>3,099,837</u>	<u>4,823,571</u>

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WASHTENAW COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of the Interior					
US Fish and Wildlife Service					
2019 NFWF SKATE PARK GRANT	15.662	FWS	F18AP00637	\$ -	\$ 367
Historic Preservation Fund Grants-In-Aid - Gordon Hall					
	15.904	MSHDA	CG18-439	59,172	59,172
Total U.S. Department of the Interior				<u>59,172</u>	<u>59,539</u>
U.S. Department of Justice					
Byrne Justice Assistance Grant -					
2016 Byrne Justice Assistance Grant	16.738	Direct	2016-DJ-BX-0667	-	36,501
U.S. Department of Transportation					
Highway Planning and Construction Cluster:					
SEMCOG Paint Creek Green Corridor Plan	20.205	MDOT	2018-0009/Z12/S4	-	12,611
SEMCOG Multi Comm Planning Project	20.205	MDOT	n/a	-	9,572
				-	22,183
Highway Safety Cluster:					
Strategic Traffic Enforcement Program - BELT/OWI	20.616	MOHSP	PT-19-33	-	30,187
Hazardous Materials Emergency Preparedness Grant	20.703	MSP	n/a	-	1,000
Total U.S. Department of Transportation				<u>-</u>	<u>53,370</u>
U.S. Environmental Protection Agency					
Clean Water State Revolving Fund Cluster -					
Capitalization Grants for Clean Water State Revolving Funds:					
HRGI DD 5504.07	66.458	EGLE	-n/a-	-	2,104
Pepper Pike 5626.01	66.458	EGLE	-n/a-	-	161,534
HRGI Trees 5504.08	66.458	EGLE	-n/a-	-	122,652
				-	286,290
Drinking Water State Revolving Fund Cluster -					
State Drinking Water Revolving Loan Fund Program:					
Revised Total Coliform Rule	66.468	EGLE	FS975487-17	-	5,019
Operator Assistance	66.468	EGLE	FS975487-17	-	1,849
				-	6,868
Performance Partnership Grants:					
2018-19 Water Stewardship/Clean Sweep	66.469	MDA	180000002932	-	20,791
2019-20 Water Stewardship/Clean Sweep	66.469	MDA	200000000142	-	9,436
				-	30,227
Total U.S. Environmental Protection Agency				<u>-</u>	<u>323,385</u>
U.S. Department of Energy					
Weatherization Assistance for					
Low-Income Persons 2017	81.042	MDHHS	DE-EE0006161	-	1,195
Weatherization Assistance for					
Low-Income Persons 2018	81.042	MDHHS	DE-EE0007927	-	217,712
Weatherization Assistance for					
Low-Income Persons 2019	81.042	MDHHS	DE-EE0007927	-	84,008
				-	302,915
U.S. Department of Health and Human Services					
Aging Cluster:					
Title III, Part C - Nutrition Services - 2018	93.045	AAA1-B	18-9052-CH	114,500	678,998
Title III, Part C - Nutrition Services - 2019	93.045	AAA1-B	19-9052-CH	18,411	282,836
				<u>132,911</u>	<u>961,834</u>
* Public Health Emergency Preparedness -					
10/1/18-9/30/19 PH EMERGENCY PREP	93.069	MDHHS	NU90TP921906	-	167,289
* Tuberculosis Control Program -					
Tuberculosis (TB) Control	93.116	MDHHS	U52PS004693	-	23,618
* Projects for Assistance in Transition					
from Homelessness (PATH)	93.150	MDHHS	E20191824-00	-	91,592

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WASHTENAW COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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)					
* Immunization Cooperative Agreements:					
Immunization Cooperative Agreements	93.268	MDHHS	N23IP000752	\$ -	\$ 109,944
Immunization Cooperative Agreements	93.268	MDHHS	NH23IP922635	-	36,648
Immunization Cooperative Agreements - Vaccines	93.268	MDHHS	N23IP000752	-	79,112
Immunization Cooperative Agreements - Fixed Fees	93.268	MDHHS	N23IP000752	-	18,500
Immunization Cooperative Agreements - Fixed Fees	93.268	MDHHS	NH23IP922635	-	7,200
				<u>-</u>	<u>251,404</u>
Epidemiology and Lab Capacity for Infectious Diseases	93.323	MDHHS	NU50CK000369	-	46,511
Centers for Disease Control OSTLTS - Strengthening Public Health Systems and Services through National Partnerships					
Opioid Response Strategy Pilot Projects	93.421	NACCHO	6NU38OT000306-01-01	67,291	77,741
* Child Support Enforcement:					
2017 Family Support Payments to States	93.563	MDHHS	CSFOC17-81001	-	348,168
2017 Friend of the Court	93.563	MDHHS	CSFOC17-81001	-	3,203,103
2017 Prosecuting Attorney	93.563	MDHHS	CSPA17-81002	-	421,094
				<u>-</u>	<u>3,972,365</u>
Low-Income Home Energy Assistance:					
2018 Low-Income Home Energy Assistance Program	93.568	MDHHS	19B1MILIEA	-	195,289
2019 Low-Income Home Energy Assistance Program	93.568	MDHHS	20B1MILIEA	-	20,173
				<u>-</u>	<u>215,462</u>
Community Services Block Grant:					
2018 Community Services Block Grant	93.569	MDHHS	19B1MICOSR	-	538,796
2019 Community Services Block Grant	93.569	MDHHS	20B1MICOSR	-	58,618
2019 Community Services Block Grant - Discretionary	93.569	MDHHS	20B1MICOSR	-	12,700
				<u>-</u>	<u>610,114</u>
* 2017 Grants to States for Access and Visitation Program	93.597	SCAO	SCAO-2019-027	3,800	3,800
ACA - State Innovation Model Testing					
* Community Health Innovation Region - 18-19	93.624	MDHHS/CHRT	20163703-00	-	274,710
* Preventive Health and Health Services:					
Building Healthy Communities	93.758	MDHHS	NB01OT009214	132,068	334,251
Tobacco Dependence Treatment	93.758	MDHHS	NB01OT009214	60,000	74,390
Getting to the Heart of the Matter:					
Project Management	93.758	MDHHS	NB01OT009214	-	25,735
Lifestyle Change	93.758	MDHHS	NB01OT009214	144,000	148,320
Tobacco Dental	93.758	MDHHS	NB01OT009214	25,000	43,345
Worksite Wellness	93.758	MDHHS	NB01OT009214	90,000	92,700
Wise Choices	93.758	MDHHS	NB01OT009214	-	56,627
				<u>451,068</u>	<u>775,368</u>
* Medicaid Cluster:					
Child Special Health Care	93.778	MDHHS	05 U05M15ADM	-	88,838
CSHCS Medicaid Outreach	93.778	MDHHS	05 U05M15ADM	-	107,771
Child Special Health Care - Care Coordination	93.778	MDHHS	05 U05M15ADM	-	12,573
CSHCS Medicaid Elevated Blood Lead	93.778	MDHHS	05 1205M15MAP	-	1,814
Medicaid Outreach - Advocate	93.778	MDHHS	05 U05M15ADM	-	364,039
Medicaid Outreach	93.778	MDHHS	05 U05M15ADM	-	171
Annual Resident Review (OBRA)	93.778	MDHHS	-n/a-	-	747,827
				<u>-</u>	<u>1,323,033</u>
* Michigan Opioid Collaborative	93.788	U of M	E20192407-00	-	64,804
Certified Community Behavioral Health Clinic Expansion Grant (CCBHC)	93.829	Direct	6H79SM081845-01M001	-	1,344,023
HIV Prevention Project - HIV Prevention Activities	93.940	CMHPSM	NU62PS624530	-	100,850
* SMI Criminal Justice Involved Persons	93.958	CMHPSM	E20193174-00	-	77,480
* Children's Intensive Crisis Stabilization	93.958	MDHHS	E20191489-001	-	100,000
				<u>-</u>	<u>177,480</u>

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WASHTENAW COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

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)					
* Opioid Overdose Recovery Team	93.959	CMHPSM	E20170331-00	\$ -	\$ 42,586
* Maternal and Child Health Services Block Grant:					
CSHCS	93.994	MDHHS	B04MC31495	-	26,158
Obesity	93.994	MDHHS	B04MC31495	-	73,111
CSHCS Care Coordination	93.994	MDHHS	B1M1MCHS	-	11,952
				<u>-</u>	<u>111,221</u>
Total U.S. Department of Health and Human Services				<u>655,070</u>	<u>10,635,805</u>
Corporation for National Community Service					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparent Program - 18-19	94.011	Direct	17SFNMI007	-	118,771
Foster Grandparent Program - 19-20	94.011	Direct	17SFNMI007	-	161,722
				<u>-</u>	<u>280,493</u>
Office of National Drug Control Policy					
High Intensity Drug Trafficking Area:					
2017 Management and Coordination Initiative	95.001	MSP	G17SM0003A	-	78,211
2018 Management and Coordination Initiative	95.001	MSP	G18SM0003A	-	1,412,326
2019 Management and Coordination Initiative	95.001	MSP	G19SM0003A	-	390,241
				<u>-</u>	<u>1,880,778</u>
U.S. Department of Homeland Security					
Emergency Food and Shelter Program	97.024	UWW	35-4832-00	-	1,038
Emergency Food and Shelter Program	97.024	UWW	36-4832-00	-	1,774
				<u>-</u>	<u>2,812</u>
2019 Emergency Management Performance Grant	97.042	MSP	EMC-2018-EP-00003	-	47,562
Homeland Security Grant Program - 2017 Homeland Security Grant Program	97.067	MSP	2017 HSGP	-	229,917
Total U.S. Department of Homeland Security				<u>-</u>	<u>280,291</u>
Total Expenditures of Federal Awards				<u>\$ 3,818,662</u>	<u>\$ 20,285,724</u>

concluded.

See notes to schedule of expenditures of federal awards.

* See Note 3.

WASHTENAW COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019, except as discussed below in Note 3. 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 position 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, 2019, as this entity was separately audited.

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.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not 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
CMHPSM	Community Mental Health Partnership of Southeast Michigan
EGLE	Michigan Department of Energy, Great Lakes, and Environment
FWS	U.S. Fish and Wildlife Service
MDA	Michigan Department of Agriculture
MDE	Michigan Department of Education

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WASHTENAW COUNTY, MICHIGAN

■ Notes to Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
MDHHS	Michigan Department of Health and Human Services
MDHHS/CHRT	Michigan Department of Health and Human Services/Center for Healthcare Research & Transformation
MDOT	Michigan Department of Transportation
MOHSP	Michigan Office of Highway Safety Planning
MSHDA	Michigan State Housing Development Authority
MSP	Michigan Department of State Police
NACCHO	National Association of County and City Health Officials
NRCS-MI	National Resources Conservation Service
SCAO	State Court Administrative Office
U of M	University of Michigan
UWW	United Way Worldwide

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*

Month 4, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 4, 2020. 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2019-001 that we consider to be a material weakness.

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*.

Washtenaw County’s Response to 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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

May 4, 2020

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, 2019. 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, which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the Washtenaw County Road Commission because those statements were audited by other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 audit 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, 2019.

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.



WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

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

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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of report</u>
10.557	Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)	Unmodified
93.045	Aging Cluster	Unmodified
93.563	Child Support Enforcement	Unmodified
93.778	Medicaid Cluster	Unmodified
93.829	Certified Community Behavioral Health Clinic Expansion Grant (CCBHC)	Unmodified

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, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 - Material Prior Period Audit Adjustment

Finding Type. Material Weakness in Internal Controls over Financial Reporting.

Criteria. All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

Condition. A material adjustment to beginning fund balance of the Office of Community and Economic Development special revenue fund was necessary to properly recognize revenue in the proper period.

Cause. This restatement was required because an amount received in 2018 (but not actually earned until 2019) was recognized as revenue in the prior year. There was no effect on ending net position as of December 31, 2019.

Effect. As a result of this condition, the County's financial statements were initially misstated by amounts that were quantitatively material to the financial statements of the Community Development special revenue fund.

Recommendation. Management has already taken appropriate corrective action by reviewing and approving the prior period audit adjustment.

View of Responsible Officials. We work diligently throughout the year to record transactions in the general ledger to properly reflect the fund balances of the County. At the end of each year, we prepare several hundred entries to match revenues and expenditures to the period in which they are earned or incurred, respectively. We strive for perfection in processing these entries in the correct period. There are inevitably times in which an adjustment is missed or a mistake is accidentally made. We believe our internal controls to be strong, but they have been designed to provide reasonable, but not absolute, assurance that accounting transactions are properly recorded and correctly stated. The concept of reasonable assurance implies a high degree of assurance but is constrained by the cost of establishing and maintaining such control procedures. Management is in agreement with this finding and, as stated above, has prepared and posted the appropriate journal entries to correct the condition.

In future years, a new control will be put in place in the form of an in-depth reconciliation utilizing the knowledge of Finance and the financial operations manager in the Office of Community Economic Development (OCED). This reconciliation will be completed at the time of the revenue and expense deferrals at the end of the fiscal year. The County does not expect the high level of transition that we experienced in OCED during 2018 and 2019 to continue in future years. This will assist in further developing this internal control to prevent such errors from occurring.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

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WASHTENAW COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2019

Finding 2018-001 - Material Audit Adjustments

The auditors identified and proposed various adjustments (which were approved and posted by management) that were material to the County's financial statements. Additionally, certain audit files were not provided to the auditors timely and various audit schedules were not reviewed by an individual independent of the preparer. As a result of this condition, the County's financial statements were initially misstated by amounts that were material to the financial statements. This finding has been adequately resolved.

Finding 2018-002 - Timely Preparation of the Schedule of Expenditures of Federal Awards

While management was able to provide the auditors with a mostly complete schedule of expenditures of federal awards (SEFA) prior to the start of the audit, several adjustments were ultimately required during and subsequent to fieldwork. As a result of this conditions, the County's SEFA preparation process did not detect variances in the originally reported federal expenditures in a timely fashion. This finding has been adequately resolved.

