

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND
Ann Arbor, Michigan**

**ANNUAL FINANCIAL REPORT
with Supplementary Information**

FOR THE YEAR ENDED DECEMBER 31, 2009



**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

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INDEPENDENT AUDITOR'S REPORT

To the County Board of Commissioners
Washtenaw County Employment Training
and Community Services Fund
Ann Arbor, Michigan

We have audited the accompanying financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2009, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Washtenaw County Employment Training and Community Services department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Washtenaw County Employment Training and Community Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Washtenaw County Employment Training and Community Services Fund and are not intended to present fairly the financial position and the results of operations of Washtenaw County, Michigan, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report, dated March 15, 2010, on our consideration of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards**, and should be considered in assessing the results of our audit.

The accompanying schedule of budgetary comparison on page 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan. The combining statements presented on pages 8 thru 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the Schedule of Expenditures of Federal Awards presented on Pages 19 thru 21 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountants

March 15, 2010

BASIC FINANCIAL STATEMENTS

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**BALANCE SHEET
DECEMBER 31, 2009**

ASSETS

Assets

Cash	\$ 891,845
Due from grantor agency	2,109,610
Undistributed costs	<u>48,034</u>
Total assets	<u>\$ 3,049,489</u>

LIABILITIES AND FUND BALANCE

Liabilities

Cash overdraft	\$ 1,509,937
Accrued liabilities	526,545
Deferred revenue	<u>559,828</u>
Total liabilities	2,596,310

Fund balance

Fund balance	<u>453,179</u>
Total liabilities and fund balance	<u>\$ 3,049,489</u>

See Notes to Financial Statements

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenues	
Intergovernmental	\$ 13,631,257
Other revenue	239,495
Total revenues	<u>13,870,752</u>
Expenditures	
Social services	<u>14,199,265</u>
Revenues under expenditures	(328,513)
Other financing sources	
Operating transfers in	<u>468,814</u>
Revenues and other financing sources over expenditures	140,301
Fund balance, beginning	<u>312,878</u>
Fund balance, ending	<u><u>\$ 453,179</u></u>

See Notes to Financial Statements

WASHTENAW COUNTY EMPLOYMENT TRAINING AND COMMUNITY SERVICES FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

The accounting methods and procedures adopted by the Washtenaw County Employment Training and Community Services Fund conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following Notes to the Financial Statements are an integral part of the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Washtenaw County Employment Training and Community Services Department (the "ETCS Group") is responsible for operating and/or administering various workforce development and community service grant programs for the benefit of eligible residents of Washtenaw County in accordance with the terms and provisions of the related program contracts and regulations.

Reporting Entity - These financial statements present the financial condition and the results of operations of a special revenue fund of Washtenaw County, Michigan (the "County") and are an integral part of that reporting entity. The ETCS Group is not a component unit of Washtenaw County or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

Basis of Accounting - The ETCS Group uses a fund (i.e., a separate accounting entity with self-balancing set of accounts) to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The ETCS Group is operated as a special revenue fund, a governmental fund type, which is used to account for specific revenue sources that are legally restricted to expenditure for specified purposes. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The ETCS Group considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between the ETCS Group and Washtenaw County for goods provided, services rendered or the transfer of County appropriations. These receivables and payables are classified as "due from (to) other funds of Washtenaw County" on the balance sheet.

Deferred Revenue - The ETCS Group receives advances for certain grant programs. Deferred revenue is recorded for these programs to the extent that cash receipts exceed expenditures.

Budgetary Accounting - The ETCS Group's special revenue fund is under formal budgetary control and follows the County's annual budget process in establishing the budgetary data presented in the financial statements. The annual fiscal budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and the requirements of the various grantor agencies.

Subsequent Events - In preparing these financial statements, Washtenaw County Employment Training and Community Services management has evaluated events and transactions for potential recognition or disclosure through March 15, 2010, the date the financial statements were available to be issued.

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 2 - CASH:

The ETCS Group, along with the various other funds and component units of the County of Washtenaw, participates in the County's pooled cash management accounts. At December 31, 2009, the ETCS Fund had negative cash balance from the County's cash pool of \$618,092.

Information regarding this cash management pool is presented in the County's comprehensive annual financial report.

NOTE 3 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

The ETCS Group operations are concentrated in programs that are funded by the federal and state governments. These program areas operate in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by both United States and Michigan departments. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 4 - CONTINGENT LIABILITIES:

Grants received by the ETCS Group require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. Although there is a possibility that grant requirements have not been met, management deems the contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the granting organization to the provisions of the grant.

NOTE 5 - CONTRACT COMMITMENTS:

The ETCS Group (County) has various contracts with subrecipients (service providers) to provide program services for programs that have different year-ends than December 31, 2009. The total commitments outstanding for these programs at December 31, 2009 are \$824,707. There is sufficient grant funding available to cover the commitments.

REQUIRED SUPPLEMENTARY INFORMATION

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues			
Intergovernmental	\$ 13,906,625	\$ 13,631,257	\$ (275,368)
Other revenue	179,145	239,495	60,350
Total revenues	<u>14,085,770</u>	<u>13,870,752</u>	<u>(215,018)</u>
Expenditures			
Social services	<u>14,460,821</u>	<u>14,199,265</u>	<u>(261,556)</u>
Revenues over (under) expenditures	(375,051)	(328,513)	46,538
Other financing sources			
Operating transfers in	<u>375,051</u>	<u>468,814</u>	<u>93,763</u>
Revenues and other sources under expenditures	-	140,301	140,301
Fund balance, beginning	<u>312,878</u>	<u>312,878</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 312,878</u></u>	<u><u>\$ 453,179</u></u>	<u><u>\$ 140,301</u></u>

See Notes to Financial Statements

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Trade Act (#2300)	WIA Admin (#2310)	WIA Adult (#2320)	WIA Incumbent (#2330)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Due from grantor agency	47,795	97,396	80,244	-
Undistributed costs	-	-	-	-
Total assets	\$ 47,795	\$ 97,396	\$ 80,244	\$ -
Liabilities				
Cash overdraft	\$ 47,795	\$ 97,396	\$ 24,191	\$ -
Accrued liabilities	-	-	25,100	-
Deferred revenue	-	-	30,953	-
Total liabilities	47,795	97,396	80,244	-
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 47,795	\$ 97,396	\$ 80,244	\$ -

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)**
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues				
Intergovernmental	\$ 849,447	\$ 480,373	\$ 1,088,660	\$ 229,591
Other revenue	-	-	-	-
Total revenues	849,447	480,373	1,088,660	229,591
Expenditures				
Social services	849,447	480,373	1,088,660	229,591
Revenues (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	WIA Youth (#2340)	WIA Dislocated (#2350)	Clearing (#2370)	Reemployment (#2370)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Due from grantor agency	479,495	295,843	-	266,509
Undistributed costs	-	-	48,034	-
Total assets	\$ 479,495	\$ 295,843	\$ 48,034	\$ 266,509
Liabilities				
Cash overdraft	\$ 345,900	\$ 134,869	\$ 2,026	\$ 266,509
Accrued liabilities	133,595	160,974	46,008	-
Deferred revenue	-	-	-	-
Total liabilities	479,495	295,843	48,034	266,509
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 479,495	\$ 295,843	\$ 48,034	\$ 266,509

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)**
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues				
Intergovernmental	\$ 2,861,872	\$ 2,154,988	\$ -	\$ 266,509
Other revenue	-	-	-	-
Total revenues	2,861,872	2,154,988	-	266,509
Expenditures				
Social services	2,861,872	2,154,988	-	266,509
Revenues (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Scholarships (#2400)	GFGP (#2410)	Work First (#2420)	One Stop Operations (#2430)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ 36,159	\$ 14,369	\$ -	\$ -
Due from grantor agency	-	-	482,237	-
Undistributed costs	-	-	-	-
Total assets	\$ 36,159	\$ 14,369	\$ 482,237	\$ -
Liabilities				
Cash overdraft	\$ -	\$ -	\$ 373,088	\$ -
Accrued liabilities	-	14,369	109,149	-
Deferred revenue	36,159	-	-	-
Total liabilities	36,159	14,369	482,237	-
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 36,159	\$ 14,369	\$ 482,237	\$ -

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)**
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues				
Intergovernmental	\$ -	\$ 373,302	\$ 1,613,689	\$ 158,926
Other revenue	-	-	-	-
Total revenues	-	373,302	1,613,689	158,926
Expenditures				
Social services	-	373,302	1,613,689	158,926
Revenues (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	WIA Incentive (#2440)	Food Stamp Emp/Trng (#2460)	Employ Service (#2490)	NPP (#2530)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ -	\$ -	\$ -	\$ 4,066
Due from grantor agency	-	1,443	120,406	16,033
Undistributed costs	-	-	-	-
Total assets	\$ -	\$ 1,443	\$ 120,406	\$ 20,099
Liabilities				
Cash overdraft	\$ -	\$ 1,443	\$ 90,946	\$ -
Accrued liabilities	-	-	29,460	-
Deferred revenue	-	-	-	-
Total liabilities	-	1,443	120,406	-
Fund balance	-	-	-	20,099
Total liabilities and fund balance	\$ -	\$ 1,443	\$ 120,406	\$ 20,099

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)
FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenues				
Intergovernmental	\$ 22,301	\$ 91,912	\$ 527,643	\$ -
Other revenue	-	-	-	-
Total revenues	22,301	91,912	527,643	-
Expenditures				
Social services	22,301	91,912	527,643	-
Revenues (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	20,099
Fund balance, ending	\$ -	\$ -	\$ -	\$ 20,099

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	CSA Clearing (#2580)	Community Services Block Grant (#2600)	Summer Food (#2620)	Senior Nutrition (#2630)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ 55,240	\$ 440,867	\$ -	\$ -
Due from grantor agency	-	21,182	-	98,867
Undistributed costs	-	-	-	-
Total assets	\$ 55,240	\$ 462,049	\$ -	\$ 98,867
Liabilities				
Cash overdraft	\$ -	\$ -	\$ -	\$ 98,867
Accrued liabilities	-	-	-	-
Deferred revenue	55,240	28,969	-	-
Total liabilities	55,240	28,969	-	98,867
Fund balance	-	433,080	-	-
Total liabilities and fund balance	\$ 55,240	\$ 462,049	\$ -	\$ 98,867

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)
FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenues				
Intergovernmental	\$ -	\$ 725,613	\$ 115,796	\$ 768,528
Other revenue	-	-	-	207,826
Total revenues	-	725,613	115,796	976,354
Expenditures				
Social services	-	993,977	115,796	976,354
Revenues (under) expenditures	-	(268,364)	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	408,665	-	-
Revenues and other sources over (under) expenditures	-	140,301	-	-
Fund balance, beginning	-	292,779	-	-
Fund balance, ending	\$ -	\$ 433,080	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Foster Grandparent (#2650)	Emergency Services (#2680)	TEFAP (#2690)	Home Repair and Weatherize (#2700)
COMBINING BALANCE SHEET (by program)				
DECEMBER 31, 2009				
Assets				
Cash	\$ -	\$ 34,428	\$ 9,139	\$ 297,577
Due from grantor agency	34,797	4,392	-	62,971
Undistributed costs	-	-	-	-
Total assets	\$ 34,797	\$ 38,820	\$ 9,139	\$ 360,548
Liabilities				
Cash overdraft	\$ 26,907	\$ -	\$ -	\$ -
Accrued liabilities	7,890	-	-	-
Deferred revenue	-	38,820	9,139	360,548
Total liabilities	34,797	38,820	9,139	360,548
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 34,797	\$ 38,820	\$ 9,139	\$ 360,548

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)**
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues				
Intergovernmental	\$ 297,082	\$ 339,245	\$ 61,369	\$ 604,411
Other revenue	15,965	-	-	-
Total revenues	313,047	339,245	61,369	604,411
Expenditures				
Social services	373,196	339,245	61,369	604,411
Revenues (under) expenditures	(60,149)	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	60,149	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Maximus (#2710)	Total
COMBINING BALANCE SHEET (by program)		
DECEMBER 31, 2009		
Assets		
Cash	\$ -	\$ 891,845
Due from grantor agency	-	2,109,610
Undistributed costs	-	48,034
	-	48,034
Total assets	\$ -	\$ 3,049,489
Liabilities		
Cash overdraft	\$ -	\$ 1,509,937
Accrued liabilities	-	526,545
Deferred revenue	-	559,828
Total liabilities	-	2,596,310
Fund balance	-	453,179
Total liabilities and fund balance	\$ -	\$ 3,049,489

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)
FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenues		
Intergovernmental	\$ -	\$ 13,631,257
Other revenue	15,704	239,495
Total revenues	15,704	13,870,752
Expenditures		
Social services	15,704	14,199,265
Revenues (under) expenditures	-	(328,513)
Other financing sources (uses)		
Operating transfers in (out)	-	468,814
Revenues and other sources over (under) expenditures	-	140,301
Fund balance, beginning	-	312,878
Fund balance, ending	\$ -	\$ 453,179

**SUPPLEMENTARY INFORMATION
ON FEDERAL AWARDS**

**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**

To the County Board of Commissioners of
Washtenaw County Employment Training and
Community Services Fund
Ann Arbor, Michigan

We have audited the financial statements of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 15, 2010. 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 Employment Training and Community Services Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washtenaw County Employment Training and Community Services Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Washtenaw County Employment Training and Community Services Fund's internal control over financial reporting.

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 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.

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 deficiencies, 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 Employment Training and Community Services Fund'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 or 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*.

This report is intended solely for the information and use of the audit committee, management, the County Board of Commissioners, and the 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.

Stewart, Beauvois & Whipple
Certified Public Accountants

March 15, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Board of Commissioners
Washtenaw County Employment Training and
Community Services Fund
Ann Arbor, Michigan

Compliance

We have audited the compliance of Washtenaw County Employment Training and Community Services Fund, a special revenue fund 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, 2009. Washtenaw County Employment Training and Community Services Fund'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 Employment Training and Community Services Fund's management. Our responsibility is to express an opinion on Washtenaw County Employment Training and Community Services Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washtenaw County Employment Training and Community Services Fund'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 Employment Training and Community Services Fund's compliance with those requirements.

In our opinion, the Washtenaw County Employment Training and Community Services Fund 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, 2009.

Internal Control Over Compliance

Management of Washtenaw County Employment Training and Community Services Fund is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washtenaw County Employment Training and Community Services Fund'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, 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 entity's internal control over compliance.

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

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

This report is intended solely for the information and use of the audit committee, management, the County Board of Commissioners, and the 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.



Certified Public Accountants

March 15, 2010

**WASHTENAW COUNTY, MICHIGAN
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</u>	<u>Catalogue of Federal Domestic Assistance</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Area Agency on Aging 1-B - Food Distribution - Senior Nutrition Program	10.555	\$ <u>95,143</u>
Passed through Michigan Department of Labor and Economic Growth - State Administration Matching Grants for Food Stamp Program	10.561	<u>91,912</u>
Passed through Michigan Department of Education: Summer Food Service Program for Children	10.559	<u>115,796</u>
Emergency Food Assistance Program Cluster:		
Commodities	10.569	148,006
Administration	10.568	44,256
ARRA - Administration	10.568	<u>17,113</u>
		<u>209,375</u>
Total passed through Michigan Department of Education		<u>325,171</u>
Total U.S. Department of Agriculture		<u>512,226</u>
U.S. DEPARTMENT OF LABOR		
Passed through Michigan Department of Labor and Economic Growth:		
Employment Services	17.207	527,643
ARRA - Reemployment Services Initiative	17.207	266,509
Trade Adjustment Assistance	17.245	849,447
Workforce Investment Act:		
Adult Programs	17.258	994,880
Youth Activities	17.259	1,585,725
Dislocated Workers	17.260	2,056,390

**WASHTENAW COUNTY, MICHIGAN
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</u>	Catalogue of Federal Domestic <u>Assistance</u>	<u>Expenditures</u>
ARRA - Workforce Investment Act:		
ARRA - Adult Programs	17.258	254,006
ARRA - Youth Activities	17.259	1,591,583
ARRA - Dislocated Workers	17.260	514,127
Total U.S. Department of Labor		8,640,310
U.S. DEPARTMENT OF ENERGY		
Passed through Michigan Department of Human Services -		
Weatherization Assistance for Low-Income Persons	81.042	457,737
ARRA - Weatherization Assistance for Low-Income Persons	81.042	73,098
Total U.S. Department of Energy		530,835
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Area Agency on Aging 1-B -		
Special Programs for the Aging -		
Title III, Part C - Nutrition Services	93.045	442,979
ARRA - Special Programs for the Aging -		
Title III, Part C - Nutrition Services - Home Delivered	93.705	7,183
- Congregate	93.707	17,851
		468,013
Passed through Michigan Department of Human Services:		
Low-Income Home Energy Assistance	93.568	73,576
Community Services Block Grant	93.569	623,302
ARRA - Community Services Block Grant	93.710	102,311
		799,189

**WASHTENAW COUNTY, MICHIGAN
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</u>	Catalogue of Federal Domestic <u>Assistance</u>	<u>Expenditures</u>
Passed through Michigan Department of Labor and Economic Growth: Temporary Assistance for Needy Families	93.558	<u>1,613,689</u>
Passed through Michigan Department of Human Services - Temporary Assistance for Needy Families	93.558	<u>53,191</u>
Total U.S. Department of Health and Human Services		<u>2,934,082</u>
 CORPORATION FOR NATIONAL SERVICE		
Direct Program - Foster Grandparent Program	94.011	<u>294,797</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 12,912,250</u></u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washtenaw County Employment Training and Community Services Fund and is presented on the same basis of accounting as the financial statements. 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 financial statements.

NOTE 2 - SUBRECIPIENTS:

For the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Washtenaw County Employment Training and Community Services Fund provided federal awards to subrecipients as follows:

Program	Amount
Employment Services	\$ 384,557
Food Stamp Program Emp/Trng	90,192
Reed Act and Temporary Assistance to Needy Families TANF	1,352,185
Workforce Investment Act	<u>2,257,083</u>
Total	<u>\$ 4,084,017</u>

NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

The following schedule reconciles the intergovernmental revenue reported on the December 31, 2009 financial statements to the federal award expenditures reported in the Schedule of Expenditures of Federal Awards:

Revenue per Financial Statements –	
Intergovernmental	\$ 13,631,257
Less – State	<u>719,007</u>
Total Federal Award Expenditures	<u>\$ 12,912,250</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) AWARD
EXPENDITURES:**

The following is a summary of ARRA Award Expenditures as reported in the Statement of Expenditures of Federal Awards:

CFDA #10.568	Emergency Food Program	\$ 17,113
CFDA #17.207	Reemployment Services Initiative	266,509
CFDA #17.258, 17.259, 17.260	Workforce Investment Act (WIA)	2,359,716
CFDA #81.042	Weatherization Assistance for Low Income Persons	73,098
CFDA #93.710	Community Services Block Grant	102,311
CFDA #93.705	Aging Home Delivery Nutrition Services	7,183
CFDA #93.707	Aging Congregate Nutrition Services	<u>17,851</u>
		<u>\$ 2,843,781</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section I – Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued: Unqualified

Internal controls over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) that are 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 deficiency(ies) that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor’s 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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA # 10.568,569	Emergency Food Assistance Cluster
CFDA # 17.207	Employment Services
CFDA # 17.258, 17.259, 17.260	WIA Cluster
CFDA # 81.042	Weatherization
CFDA # 93.045, 93.710	Community Services Block Grant
CFDA # 93.569, 93.705, 93.707	Special Programs for the Aging - Title III, Part C - Nutrition Services

Dollar threshold used to distinguish between Type A and Type B programs: \$387,368

Auditee qualified as low-risk auditee? x yes _____ no

Section II – Financial Statement Findings:

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs:

There were no Federal Award Findings and Questioned Costs required to be reported in accordance with Section 510(a) of Circular A-133.

Section IV – Previous Year Findings:

There were no financial statement findings or Federal Award Findings and Questioned Costs in the previous year.