

**CITY OF YPSILANTI,
MICHIGAN**

SINGLE AUDIT ACT COMPLIANCE

For the Year Ended June 30, 2010

**CITY OF YPSILANTI, MICHIGAN
SINGLE AUDIT**

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YEAR ENDED JUNE 30, 2010

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**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

December 17, 2010

To the City Council of
the City of Ypsilanti
Ypsilanti, Michigan

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ypsilanti, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City'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, *Audits of States, Local Governments and Nonprofit 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.



CITY OF YPSILANTI, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant/ Agreement/ Account Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed-through the Michigan Economic Development Corporation -			
Community Development Block Grants -			
Value of loans outstanding - prior year expenditures	14.228	MSC 201017-EDIG	\$ 2,750,350
Passed-through Washtenaw County -			
Community Development Block Grants-			
2008-09 City of Ypsilanti Facility Improvement Project:			
Parkridge Community Center- Phase II	14.218	PO 40698-000-SC	140,415
Rutherford Pool - Phase II	14.218	PO 40651-000-SC, CR 41274	15,053
Community Development Block Grant Entitlement Communities Grant -			
Neighborhood Stabilization Program (NSP)	14.218	PO 41007-000-SC, CR 41546	162,180
Community Development Block Grants:			
2008 City of Ypsilanti ADA Curb Cuts Project - Phase II	14.218	B-08-UC-26-0006	54,275
ARRA - 2009-10 City of Ypsilanti ADA Curb Cuts Project - Phase III	14.218	B-09-UY-26-0006	59,000
Total U.S. Department of Housing and Urban Development			3,181,273
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct programs:			
Office of Community Oriented Policing Services -			
ARRA - COPS Hiring Recovery Program (CHRP)	16.710	2009RKWX0462	\$ 101,911
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program			
Inter-agency Cooperation Team (ICT) Funding Initiative	16.738	2009-DJ-BX-1476	2,997
Edward Byrne Memorial Justice Assistance Grant Program			
ARRA - Technology Reinvestment Initiative	16.804	2009-SB-B9-1919	137,048
Passed-through the Michigan Department of Community Health -			
Edward Byrne Memorial Justice Assistance Grant Program			
LAWNET 2009/2010	16.738	2009-DJ-BX-0086	40,786
Total U.S. Department of Justice			282,742
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed-through the Michigan Department of Transportation -			
Highway Research Planning and Construction			
ARRA - Restoration for the Historic Ypsilanti Freighthouse	20.205	Job # 106013, Cont # 09-5791	74,128
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct programs:			
Office of Solid Waste and Emergency Response			
Brownfield Assessment and Cleanup Cooperative Agreement			
City of Ypsilanti Brownfield Hazardous Clean Up Cooperative Agreement			
Water Street Redevelopment # 1	66.818	BF-00E93201-0 (AOC1)	24,540
Water Street Redevelopment # 2	66.818	BF-00E93101-0 (AOC2)	114,982
Water Street Redevelopment # 5	66.818	BF-00E93001-0 (AOC5)	184,530
Passed through Michigan Department of Environmental Quality -			
Clean Water Capitalization Grants for Drinking Water -			
ARRA - State Revolving Funds	66.468	7249-01	134,232
Total U.S. Environmental Protection Agency			458,284
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct program -			
Assistance to Firefighters Grant	97.044	EMW-2008-FO-06794	22,413
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,018,840

See accompanying notes to this schedule.

CITY OF YPSILANTI, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the City of Ypsilanti, Michigan (the "City"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

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.

The City of Ypsilanti reporting entity is defined in Note 1 of the City's basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the City's basic financial statements.

3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Ypsilanti, Michigan provided \$134,232 of Capitalization Grants for Drinking Water Revolving Funds to the Ypsilanti Community Utilities Authority.

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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

December 17, 2010

To the City Council of
the City of Ypsilanti
Ypsilanti, Michigan

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ypsilanti, as of and for the year ended June 30, 2010, which collectively comprise the City's financial statements, and have issued our report thereon dated December 17, 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 the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 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.

Our consideration of internal control over financial reporting 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 financial reporting 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 the City'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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted a certain matter that we reported to management of the City in a separate letter dated December 17, 2010.

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

A handwritten signature in black ink that reads "Lehmann Lobson". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

December 17, 2010

To the City Council of
the City of Ypsilanti
Ypsilanti, Michigan

Compliance

We have audited the compliance of the City of Ypsilanti with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City'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 the City's management. Our responsibility is to express an opinion on the City'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 the City'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 of the City's compliance with those requirements.

In our opinion, the City of Ypsilanti complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City 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 the City's internal control over compliance with the 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 City'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 management, the City Council, others within the entity, 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".

CITY OF YPSILANTI, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

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 deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ yes X no

CITY OF YPSILANTI, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants
14.228	Community Development Block Grants
66.818	Brownfield Assessment and Cleanup Cooperative Agreement

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X 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 FINDINGS

Finding 2009-1 Preparation of Financial Statements in Accordance with GAAP

Issue was adequately resolved.

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