

Charter Township of West Bloomfield

**Federal Awards
Supplemental Information
December 31, 2016**

Charter Township of West Bloomfield

Contents

Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-9

Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Township Board
Charter Township of West Bloomfield

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 the Charter Township of West Bloomfield (the "Township") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's financial statements. We issued our report thereon dated June 6, 2017, which contained unmodified opinions on 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. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 6, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

June 6, 2017

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*

Independent Auditor's Report

To Management and the Township Board
Charter Township of West Bloomfield

We have audited, 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, 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 the Charter Township of West Bloomfield (the "Township") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's financial statements, and have issued our report thereon dated June 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charter Township of West Bloomfield'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Township'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2016-001 to be a material weakness.

To Management and the Township Board
Charter Township of West Bloomfield

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of West Bloomfield'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*.

Charter Township of West Bloomfield's Response to Finding

The Charter Township of West Bloomfield's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter Township of West Bloomfield'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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

June 6, 2017

Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Township Board
Charter Township of West Bloomfield

Report on Compliance for the Major Federal Program

We have audited the Charter Township of West Bloomfield's (the "Township") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The Charter Township of West Bloomfield's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Charter Township of West Bloomfield's major federal program 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* (the "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 Charter Township of West Bloomfield'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 the major federal program. However, our audit does not provide a legal determination of the Charter Township of West Bloomfield's compliance.

To the Township Board
Charter Township of West Bloomfield

Opinion on the Major Federal Program

In our opinion, the Charter Township of West Bloomfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Charter Township of West Bloomfield 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 Charter Township of West Bloomfield's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Township'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 a 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.

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.

Plante & Moran, PLLC

June 6, 2017

Charter Township of West Bloomfield

Schedule of Expenditures of Federal Awards Year Ended December 31, 2016

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	2016 Federal Expenditures	Total Amount Provided to Subrecipients
AFG SCBA:					
Fema Assistance to Firefighters (238)	97.044	EMW-2013-FO-03347	\$ 290,751	\$ 239,940	\$ -
Fema Assistance to Firefighters (239)	97.044	EMW-2015-FO-01648	186,364	-	-
U.S. Department of Homeland Security -					
Passed through the Michigan Department of State Police Emergency Management and Homeland Security					
Passed through Oakland County, Michigan:					
2014 State Homeland Security Grant	97.067	OAKTAC ASR Training	-	7,295	-
SEMFCTF TREAS310	97.067	Secret Service	-	22,611	-
Total U.S. Department of Homeland Security				29,906	
U.S. Department of Housing and Urban Development:					
93.569					
Michigan Urban County - Community Development Block (230)	14.218	B-14-UC-26-0002	40,000	25,069	-
Grant - Pass through Oakland County, Michigan (234)	14.218	B-14-UC-26-0002, B-15-UC-26-0002	59,664	12,040	-
Entitlement Grant: All Program Years (235)	14.218	B-14-UC-26-0002, B-15-UC-26-0002	110,836	67,743	67,743
Total U.S. Department of Housing and Urban Development				104,852	
U.S. Department of Justice:					
Federal Equitable Sharing Program - Justice (266)	16.922	WB Township Police Department - Compliant (AA001)	-	445,989	-
Drug Enforcement Administration Task Force - SONIC 19 DOJ310	16.unknown		-	16,271	-
Total U.S. Department of Justice				462,260	
U.S. Department of Treasury -					
Federal Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies (267)	21.unknown	WB Township Police Department - Compliant (AA001)	-	90,264	-
Total U.S. Department of Treasury			-	90,264	-
Total federal expenditures				<u>\$ 927,222</u>	

See Notes to Schedule of Expenditures of Federal Awards.

Charter Township of West Bloomfield

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Charter Township of West Bloomfield under programs of the federal government for the year ended December 31, 2016. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Charter Township of West Bloomfield, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Charter Township of West Bloomfield.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of accounting. Such expenditures are recognized following the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Township has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

Yes No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.922	Equitable Sharing Program - Federal Drug Forfeiture

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs Year Ended December 31, 2016

Section II - Financial Statement Audit Findings

Reference Number	Finding
2016-001	<p>Finding Type - Material weakness</p> <p>Criteria - Journal entries and net position should be compared to prior year financial statements to ensure beginning net position is stated properly.</p> <p>Condition - A prior year entry was posted to net position as opposed to net pension liability, thereby making net pension liability understated and net pension overstated.</p> <p>Context - The pension entry was a material adjustment, the remaining entries were immaterial, but significant.</p> <p>Cause - A new accounting standard was implemented in the prior year, with complex transactions and accounting. A journal entry to record net pension liability was miskeyed in the process of recording.</p> <p>Effect - Material adjustments were necessary to present the 2016 financial statements in accordance with generally accepted accounting principles.</p> <p>Recommendation - We would recommend the Township review entries for posting against the prior year financial statements after closing the year.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township will evaluate these items for posting in the future.</p>

Section III - Federal Program Audit Findings

None