

# **Charter Township of West Bloomfield**

---

**Federal Awards  
Supplemental Information  
December 31, 2011**

# Charter Township of West Bloomfield

---

## Contents

Independent Auditor's Report	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 with Requirements That Could Have a Direct and Material Effect on the Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6
Note to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-11

## Independent Auditor's Report

To the Board of Trustees  
Charter Township of West Bloomfield

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2011, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 5, 2012, which contained unqualified opinions on those financial statements. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited financial statements subsequent to June 5, 2012.

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 basic financial statements are free of material misstatement. 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 opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of West Bloomfield's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis 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 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 5, 2012

**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 the Board of Trustees  
Charter Township of West Bloomfield

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 5, 2012. We have 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**

Management of the Charter Township of West Bloomfield is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered the Charter Township of West Bloomfield'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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.

To the Board of Trustees  
Charter Township of West Bloomfield

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. However, we identified two deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. 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 Findings 2011-1 and 2011-2 to be significant deficiencies.

### **Compliance and Other Matters**

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

We also noted certain matters that we have reported to management of the Charter Township of West Bloomfield in a separate letter dated June 5, 2012.

The Charter Township of West Bloomfield's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Charter Township of West Bloomfield's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the board of trustees, 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.

*Plante & Moran, PLLC*

June 5, 2012

Report on Compliance with Requirements That Could Have a  
Direct and Material Effect on the Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report

To the Board of Trustees  
Charter Township of West Bloomfield

**Compliance**

We have audited the compliance of the Charter Township of West Bloomfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The major federal program of the Charter Township of West Bloomfield is 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 its major federal program is the responsibility of the Charter Township of West Bloomfield's management. Our responsibility is to express an opinion on the Charter Township of West Bloomfield'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 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. Our audit does not provide a legal determination on the Charter Township of West Bloomfield's compliance with those requirements.

In our opinion, the Charter Township of West Bloomfield complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

To the Board of Trustees  
Charter Township of West Bloomfield

### **Internal Control Over Compliance**

The management of the Charter Township of West Bloomfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of West Bloomfield'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 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.

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 board of trustees, 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.

*Plante & Moran, PLLC*

June 5, 2012

# Charter Township of West Bloomfield

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2011

Federal Agency/Pass-through Agency/ Program Title	CFDA Number	Pass-through Entity Project/Grant Number	2011 Federal Expenditures
U.S. Department of Energy - ARRA - Energy Efficiency & Conservation Block Grant	81.128	N/A	\$ 555,706
U.S. Department of Homeland Security - Federal Emergency Management Agency - Assistance to Firefighters Grant Passed through the Michigan Department of State Police Emergency Management & Homeland Security - Passed through Oakland County, Michigan - 2008 State Homeland Security Grant	97.044	N/A	128,332
	97.067	FY 2008 HSGP	<u>2,889</u>
Total U.S. Department of Homeland Security			131,221
U.S. Department of Housing and Urban Development - Michigan Urban County - Community Development Block Grant - Passed through Oakland County, Michigan - Entitlement Grant:	14.218		
Program year 2008-2009#		731619	40,063
Program year 2009-2010#		731619	29,917
		731665	2,500
Program year 2010-2011 #		730535	2,500
		730571	3,000
		730789	5,000
		731227	2,500
		731360	423
		731712	4,262
Program year 2011-2012 #		730535	1,040
		731360	20,732
		731712	<u>11,299</u>
Total U.S. Department of Housing and Urban Development			123,236
U.S. Department of Justice:			
COPS Technological Grant	16.710	2008CKWX0179	375
Federal Equitable Sharing Program - Justice (270)	16.unknown	N/A	148,573
Drug Enforcement Administration Task Force	16.unknown	N/A	18,316
Drug Enforcement Administration Task Force - SONIC 19	16.unknown	N/A	8,922
Drug Enforcement Administration Task Force - NET	16.unknown	N/A	<u>4,348</u>
Total U.S. Department of Justice			180,534
U.S. Department of Treasury - Federal Equitable Sharing for Foreign Countries & Federal, State, & Local Law Enforcement Agencies	21.unknown	N/A	<u>21,888</u>
Total federal expenditures			<b><u>\$ 1,012,585</u></b>

See Note to Schedule of Expenditures  
of Federal Awards.

# **Charter Township of West Bloomfield**

---

## **Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2011**

### **Note - Basis of Presentation and Significant Accounting Policies**

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, 2011. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, if applicable, of the Charter Township of West Bloomfield. Pass-through entity identifying numbers are presented where available.

# Charter Township of West Bloomfield

## Schedule of Findings and Questioned Costs Year Ended December 31, 2011

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
81.128	ARRA - Energy Efficiency and Conservation Block Grant (EECBG)

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

Auditee qualified as low-risk auditee?  Yes  No

# Charter Township of West Bloomfield

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2011-1	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - The ability to create a new user in the financial software system (BS&amp;A), or to establish the level of financial software access, should require the involvement of individuals who do not participate in the initiation or posting of financial transactions.</p> <p><b>Condition</b> - During 2011, the ability to create new users and grant software access was expanded to individuals outside the IT department (in the Township's BS&amp;A system, this is referred to as administrative access). Some of these individuals initiate and/or post transactions to the general ledger.</p> <p><b>Context</b> - These changes were made in order to allow operating staff to perform their job functions more efficiently. We believe that operating staff should continue to be allowed to request or even approve new users and access rights, but the execution of those changes should be limited.</p> <p>We should also point out that in our audit we performed additional tests to identify whether any inappropriate transactions were posted to the general ledger, and found none.</p> <p><b>Cause</b> - The Township was intending to improve the usability of the financial software by granting administrative access abilities to a larger group of individuals.</p> <p><b>Effect</b> - The potential exists for inappropriate access to the financial system that could go undetected.</p> <p><b>Recommendation</b> - The ability to create new users and establish the level of financial software access should require the involvement of individuals that do not initiate or post financial transactions. Our recommendation would be to first meet with BS&amp;A to better understand the levels of security built into the system, and secondly to use that information to create a written IT security policy that would involve the various users initiating requests to add new users or grant new access; approve such requests by the finance director; and execute any such changes by the IT department.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The financial software provider has notified the Township that it will modify the security for administrative access to meet the requirements of the recommendation. Once the modification of the financial software is completed, the Township will create a written IT security policy.</p>

# Charter Township of West Bloomfield

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2011-2	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - The Charter Township of West Bloomfield should be able to close its accounting records completely and accurately at the end of each year.</p> <p><b>Condition</b> - During 2011, the finance department staff re-evaluated its historic accounting for intangible assets related to special assessment projects. As a result, it made corrections to some intangible assets that had been recorded in prior years.</p> <p><b>Context</b> - The accounting rule for intangible assets is a recent accounting change, and its application to special assessment projects is quite complex. We agree with the improvements that the finance department has made to its historical reporting of these transactions.</p> <p><b>Cause</b> - The corrections of the intangible assets recorded in the Township's general ledger are the result of the finance staff's re-examination of the underlying transactions and questioning the propriety of prior accounting.</p> <p><b>Effect</b> - During 2011, the Township improved its financial reporting by re-evaluating which costs are appropriate to capitalize as intangible assets.</p> <p><b>Recommendation</b> - The Charter Township should continue to evaluate its accounting procedures and make any appropriate changes or process improvements.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Township will continue to review accounting procedures and will identify appropriate accounting changes or process improvements.</p>

# Charter Township of West Bloomfield

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

### Section III - Federal Program Audit Findings

Reference Number	Finding
Current Year:	None