

Charter Township of West Bloomfield

**Federal Awards
Supplemental Information
December 31, 2009**

Charter Township of West Bloomfield

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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, 2009, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 9, 2010. 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 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. The information in this schedule 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.

Plante & Moran, PLLC

June 9, 2010

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 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, 2009, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 9, 2010. 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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These are included as Findings 2009-1 and 2009-2.

To the Board of Trustees
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 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 9, 2010.

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

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 9, 2010

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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 are applicable to each of its major federal programs for the year ended December 31, 2009. The major federal programs of the Charter Township of West Bloomfield 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 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 requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

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 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 9, 2010

Charter Township of West Bloomfield

Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Energy				
ARRA - Energy Efficiency & Conservation Block Grant	81.128		\$ 571,800	\$ 573
Total U.S. Department of Energy				573
U.S. Department of Homeland Security				
Passed through the Michigan Department of State Police - Passed through Oakland County, Michigan - 2006 State Homeland Security Grant				
	97.067	FY 2006 HSGP	1,660	1,660
Passed through the Michigan Department of State Police, Emergency Management and Homeland Security Division - 2006 Buffer Zone Protection Program (BZPP)				
	97.078		189,000	60,134
Total U.S. Department of Homeland Security				61,794
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 2006-2007		730137	5,000	4,265
		731073	2,500	2,500
Program year 2007-2008		731665	6,000	3,872
		731712	39,124	4,083
Program year 2008-2009		730535	2,500	1,100
		731360	22,892	5,856
		731665	5,760	1,024
		731712	37,968	36,422
Program year 2009-2010		731712	28,894	8,702
Total U.S. Department of Housing and Urban Development				67,824

Charter Township of West Bloomfield

Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2009

Federal Agency/Pass-through/Agency Program Title	CFDA Number	Pass-through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
COPS Technological Grant	16.710	2008CKWX0179	\$ 587,368	\$ 355,279
Federal Equitable Sharing Program - Justice (270)	16.unknown		185,065	185,065
Miscellaneous Task Force	16.unknown		14,708	14,708
Joint Terrorism Task Force - FBI	16.unknown		10,820	10,820
Drug Enforcement Administration Task Force	16.unknown		16,869	16,869
Drug Enforcement Administration Task Force - SONIC 19	16.unknown		14,324	14,324
Drug Enforcement Administration Task Force - NET	16.unknown		5,260	<u>5,260</u>
Total U.S. Department of Justice				602,325
Department of Treasury				
Federal Equitable Sharing for Foreign Countries & Federal, State & Local Law Enforcement Agencies	21.unknown		203,101	<u>3,075</u>
Total Department of Treasury				3,075
Environmental Protection Agency				
Passed through State of Michigan Department of Environmental Quality:				
Safe Drinking Water Revolving Fund-Phase I	66.468	7203-01	881,670	499,278
Safe Drinking Water Revolving Fund-Phase II	66.468	7218-01	7,975,000	5,883
Passed through State of Michigan Department of Environmental Protection Agency -				
ARRA - State Revolving Fund	66.458	5409-01	3,060,000	<u>762,755</u>
Total Environmental Protection Agency				<u>1,267,916</u>
Total federal expenditures				<u>\$ 2,003,507</u>

Charter Township of West Bloomfield

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Township and is presented on the same basis of accounting as the basic 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 basic financial statements.

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs Year Ended December 31, 2009

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 program(s):

- 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 program(s): Unqualified

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

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
16.710	COPS Technological Grant
66.458	ARRA State Revolving Fund

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, 2009

Section II - Financial Statement Audit Findings

Reference Number	Finding
2009-1	<p>Finding Type - Material Weakness</p> <p>Criteria - The Township should be able to close its capital asset records and reconcile the applicable balances to the general ledger at the end of each year.</p> <p>Condition - During the financial statement audit, several errors were identified in the capital asset balances by the audit team that required correction.</p> <p>Context - During the audit process, we discovered significant adjustments were required to capital assets and related expenditures. These adjustments were corrections to balances previously evaluated and adjusted by Township personnel.</p> <p>Cause - The Township switched capital asset software packages during the year. Data from the original software had to be converted to the new software. The new software was a “beta” version and was still being developed and modified by the software company while the Township was in the process of converting its information. Numerous errors were identified by the Township during the process and were properly communicated to the software company; however, a couple errors that occurred during the conversion process were not identified by the Township and were subsequently identified and corrected by the audit team.</p> <p>Effect - Most issues were resolved by the Township staff prior to the audit, but several construction in progress assets were identified by the auditors to either have been incorrectly capitalized twice or not capitalized at all.</p> <p>Recommendation - The Township should consider a process for reviewing capital outlay expense accounts and reconciling purchases to the new asset additions in the capital asset software.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township will evaluate procedures and make necessary changes in order to correct the issue.</p>

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2009

Section II - Financial Statement Audit Findings

Reference Number	Finding
2009-2	<p>Finding Type - Material Weakness</p> <p>Criteria - Financial transactions initiated by the Township board of trustees should be properly recorded in the Township's general ledger.</p> <p>Condition - During the financial statement audit, we noted that the board of trustees resolved to create an Improvement Revolving Fund and to transfer money from the General Fund in order to finance the Interlaken special assessment. These transactions were not recorded in the general ledger until identified as part of the audit.</p> <p>Context - On May 18, 2009, the Township's board of trustees approved the creation of an Improvement Revolving Fund and the transfer of \$480,000 from the General Fund to this new fund. These events did not occur. Instead, a new special assessment capital project fund was created. An interfund asset and liability was later recorded between the General Fund and this new special assessment fund. This was corrected by an auditor-proposed journal entry during the audit.</p> <p>Cause - The finance department was unaware of the adopted resolution.</p> <p>Effect - The Township's accounting records did not accurately reflect the Township board's approved resolution, which resulted in an auditor-proposed journal entry.</p> <p>Recommendation - The Township should consider a process for improving the flow of information concerning board actions.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township will evaluate procedures and make necessary changes in order to correct the issue.</p>

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2009

Section III - Federal Program Audit Findings

None