

# **City of Romulus, Michigan**

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**Federal Awards  
Supplemental Information  
June 30, 2015**

### Independent Auditor's Reports:

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Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

Independent Auditor's Report

To the City Council  
City of Romulus, Michigan

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 City of Romulus, Michigan (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2015, 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 opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 21, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by 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 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*

February 8, 2016

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 City Council  
City of Romulus, Michigan

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 City of Romulus, Michigan (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Romulus, Michigan'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 2015-001 to be a material weakness.

To Management and the City Council  
City of Romulus, Michigan

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Romulus, Michigan'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*.

### **City of Romulus, Michigan's Response to Findings**

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

*Plante & Moran, PLLC*

December 21, 2015

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

Independent Auditor's Report

To the City Council  
City of Romulus, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the City of Romulus, Michigan's (the "City") compliance 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 each of its major federal programs for the year ended June 30, 2015. The City of Romulus, Michigan's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Romulus, Michigan's major federal programs 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 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 of Romulus, Michigan'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 each major federal program. However, our audit does not provide a legal determination of the City of Romulus, Michigan's compliance.

To the City Council  
City of Romulus, Michigan

**Opinion on Each Major Federal Program**

In our opinion, the City of Romulus, Michigan complied, in all material respects, with the types of compliance 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, 2015.

**Report on Internal Control Over Compliance**

Management of the City of Romulus, Michigan 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 City of Romulus, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

February 8, 2016

# City of Romulus

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development - Passed through Wayne County - Community Development Block Grant	14.218	Various	\$ 132,904
U.S. Department of Justice: Passed through Wayne County:			
2012 Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0730	4,706
2013 Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0730	9,186
2014 Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0503	6,519
			20,411
Bulletproof Vest Partnership Program	16.607	N/A	7,380
Equitable Sharing Program	16.922	DAG-72	132,762
Total U.S. Department of Justice			160,553
U.S. Department of Homeland Security - Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00408	270,948
U.S. Department of Transportation - Highway Planning and Construction Cluster - Passed through Michigan Department of Transportation - Highway Research Planning and Construction - Grant Rd.	20.205	STP 1382 (336)	8,540
Highway Research Planning and Construction - Goddard Rd.	20.205	STP 1482 (041)(042)	477,148
Total U.S. Department of Transportation, Federal Highway Administration			485,688
Total federal expenditures			\$ 1,050,093



# City of Romulus, Michigan

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Romulus, Michigan under programs of the federal government for the year ended June 30, 2015. 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*.

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of the City. Pass-through entity identifying numbers are presented where available.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

### **Note 3 - Status as Other than Low-risk Auditee**

The City does not qualify as a low-risk auditee for the audit of federal awards. This is due to findings that were reported in conjunction with the audit for fiscal year 2013. Under the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, an entity that has had findings reported cannot qualify as a low-risk auditee for two subsequent periods after the finding.

### **Note 4 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

# City of Romulus, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### Note 4 - Noncash Assistance (Continued)

**Summary of Noncash Assistance** - The grantee received the following noncash assistance during the year ended June 30, 2015 that is not included on the schedule of expenditures of federal awards:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Description</u>	<u>Amount</u>
U.S. Department of Agriculture - Passed through Wayne County Metropolitan Community Services Agency	10.569	USDA Food Distribution	\$ 45,064

# City of Romulus, Michigan

## Schedule of Findings and Questioned Costs Year Ended June 30, 2015

### 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 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)
20.205	Highway Research Planning and Construction Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

# City of Romulus, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2015-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Year-end journal entries should be recorded in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.</p> <p><b>Condition</b> - Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles.</p> <p><b>Context</b> - The journal entries included adjustments required for the full accrual presentation of the government-wide statements, annual year-end closing entries and other adjustments related to other postretirement benefits, accounts payable, debt, deferred inflows and outflows, property taxes, accrual of refunds, unearned revenue, capital assets, uncollectible receivables, and grossing revenue and expenditure activity.</p> <p><b>Cause</b> - The proposed journal entries were not performed prior to the start of the audit and review procedures did not identify the required journal entries.</p> <p><b>Effect</b> - Not properly recording these journal entries could lead to materially inaccurate financial reporting.</p> <p><b>Recommendation</b> - The City should implement procedures to ensure that all appropriate journal entries are recorded prior to the start of the audit. We also recommend the City implement a review process to ensure the proper journal entries are recorded prior to the start of the audit.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City concurs with the recommendation and will work toward implementing a review process to address the issue.</p>

### Section III - Federal Program Audit Findings

None