



# **SINGLE AUDIT ACT COMPLIANCE**

**2020**



Fiscal Year ended December 31, 2020  
[www.pittsfield-mi.gov](http://www.pittsfield-mi.gov)

Pittsfield Charter  
Township,  
Michigan



Year Ended  
December 31,  
2020

Single Audit Act  
Compliance

**Rehmann**

PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

June 18, 2021

Board of Trustees  
Pittsfield Charter Township  
Ann Arbor, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Pittsfield Charter Township, Michigan** (the "Township"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated June 18, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the Township's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Loborn LLC*

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# PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grant/Entitlement Grant Cluster:					
2016 Entitlement	14.218	WC	B-16-UC-26-006	\$ -	\$ 39,397
2017 Entitlement	14.218	WC	B-17-UC-26-006	-	80,002
2018 Entitlement	14.218	WC	B-18-UC-26-006	-	71,821
<b>Total U.S. Department of Housing and Urban Development</b>				-	191,220
<b>U.S. Department of Justice</b>					
COVID- 19 - Coronavirus Emergency Supplemental Funding Program (CESF)	16.034	MSP	2020-VD-BX-0434	-	22,440
<b>U.S. Department of Treasury</b>					
COVID-19 - Coronavirus Relief Fund:					
Coronavirus Relief Local Government Grants	21.019	MDT	-n/a-	-	31,596
First Responder Hazard Pay Premiums Program	21.019	MDT	-n/a-	-	55,000
Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)	21.019	MDT	-n/a-	-	377,812
<b>Total U.S. Department of Treasury</b>				-	464,408
<b>U.S. Department of Health and Human Services</b>					
Aging Cluster					
Title III, Part C - Nutrition Services - 2020	93.045	WC	19-9052-CH	-	7,791
<b>U.S. Department of Homeland Security</b>					
COVID-19 Public Assistance Grant Program	97.036	MSP	FEMA-4494-DR-MI	-	126,920
Assistance to Firefighters Grant Program - COVID-19 Supplemental (AFG-S)	97.044	Direct	EMW-2020-FG-02951	77,156	77,156
<b>Total U.S. Department of Homeland Security</b>				77,156	204,076
<b>Total Expenditures of Federal Awards</b>				\$ 77,156	\$ 889,935

See notes to schedule of expenditures of federal awards.

PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Pittsfield Charter Township, Michigan (the "Township") under programs of the federal government for the year ended December 31, 2020. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net position or cash flows of the Township.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Township's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the Township has not elected to use the de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The Township receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDT	Michigan Department of Treasury
MSP	Michigan State Police
WC	Washtenaw County

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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***

June 18, 2021

Board of Trustees  
Pittsfield Charter Township  
Ann Arbor, Michigan

We have audited, in accordance with the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of ***Pittsfield Charter Township, Michigan*** (the "Township"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 18, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a material weakness.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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 financial statements. 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*.

## **Pittsfield Charter Township's Response to Finding**

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The script is cursive and fluid, with the letters connected. The "L" at the beginning is large and loops around. The "LLC" at the end is written in a slightly more upright, but still cursive, style.

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 18, 2021

Board of Trustees  
Pittsfield Charter Township  
Ann Arbor, Michigan

### Report on Compliance for the Major Federal Program

We have audited the compliance of **Pittsfield Charter Township, Michigan** (the "Township") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2020. The Township's major federal program is identified in the summary of auditors' 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 programs.

### Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Township'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 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* (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 Township'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 Township's compliance.

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### ***Opinion on the Major Federal Program***

In our opinion, the Township 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, 2020.

### **Report on Internal Control Over Compliance**

Management of the Township 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 Township'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 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.

### ***Purpose of this Report***

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.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

# PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of report the auditor issued on whether  
the financial statements audited were prepared  
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X yes

       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

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

       yes

X no

Identification of major programs and type of auditors'  
report issued on compliance for each major program:

#### CFDA Number

#### Name of Federal Program or Cluster

#### Type of Report

21.019

COVID-19 - Coronavirus Relief Fund

Unmodified

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

       yes

X no

# PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### 2020-001 - Material Capital Asset Adjustments

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition:** During our audit, we identified \$1.9 million of capital outlay expenditures that were excluded from governmental activities construction in progress, including the capital asset footnote disclosure. As such, we proposed a material adjustment (which was approved and recorded by management) to adjust the Township's capital assets to the appropriate balances.

**Cause.** Internal controls did not detect all of the necessary items to be capitalized and depreciated.

**Effect.** As a result of this condition, the capital asset schedule was initially understated by approximately \$1.9 million.

**Recommendation.** We recommend that the Township reconcile the Township's capital asset records, including all capital projects, additions, and disposals, to the general ledger activity and to the capital asset footnote within the financial statements.

**View of Responsible Officials.** In reviewing this finding, all information on capital asset projects have been communicated to our auditors, however the final review of the drafted notes were not thoroughly checked. If that had happened then the notes would have stated the correct information.

**Responsible Official.** Tracy Watkins, Finance Director

**Estimated Completion Date.** June 4, 2021

## PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

### **Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2020

#### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

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## PITTSFIELD CHARTER TOWNSHIP, MICHIGAN

### Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2020

None reported.

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