City of Roseville, Michigan

Federal Awards
Supplemental Information
June 30, 2004

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City of Roseville, Michigan

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Roseville, Michigan

We have audited the basic financial statements of the City of Roseville, Michigan for the year ended June 30, 2004 and have issued our report thereon dated November 1, 2004. Those basic financial statements are the responsibility of the management of the City of Roseville, Michigan. Our responsibility was to express an opinion on those 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 basic 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 opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the City of Roseville, Michigan taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules 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

November 1, 2004

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Report Letter on Compliance with Laws and Regulations and
Internal Control - Basic Financial Statements

To the Honorable Mayor and
Members of the City Council
City of Roseville, Michigan

We have audited the financial statements of the City of Roseville, Michigan as of and for the year ended June 30, 2004 and have issued our report thereon dated November 1, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Roseville, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Roseville, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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To the Honorable Mayor and
Members of the City Council
City of Roseville, Michigan

This report is intended solely for the information and use of the City Council, management, 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

November 1, 2004

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Report Letter on Compliance with Laws and Regulations and
Internal Control - Major Federal Awards

To the Honorable Mayor and
Members of the City Council
City of Roseville, Michigan

Compliance

We have audited the compliance of the City of Roseville, Michigan 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 June 30, 2004. The major federal programs of the City of Roseville, Michigan 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 City of Roseville, Michigan's management. Our responsibility is to express an opinion on the City of Roseville, Michigan'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 City of Roseville, 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. Our audit does not provide a legal determination on the City of Roseville, Michigan's compliance with those requirements.

In our opinion, the City of Roseville, Michigan 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 June 30, 2004.

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To the Honorable Mayor and
Members of the City Council
City of Roseville, Michigan

Internal Control Over Compliance

The management of the City of Roseville, Michigan 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 City of Roseville, Michigan'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management, 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

November 1, 2004

City of Roseville, Michigan

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development -				
Direct programs - Community Development Block Grant:				
Program Year 2003 - B-00-MC-26-00010	14.218	N/A	$ 671,000	$ 280,161
Program Year 2004 - B-00-MC-26-00010			678,000	382,197
Total U.S. Department of Housing and Urban Development				662,358
U.S. Department of Transportation:				
Passed through the State of Michigan Department of Transportation -				
Federal Highway Administration	20.205	STP0250043	109,347	26,254
		STP0250044	222,329	90,959
		STP0350208	1,016,811	337,746
		STP0350212	710,554	550,934
Total Federal Highway Administration				1,005,893
Passed through the Michigan State Police - 2003 Drive MI Safety Task Force	16.592	None	32,925	32,925
Total U.S. Department of Transportation				1,038,818
U.S. Department of Justice - Direct program -				
Local Law Enforcement Block Grants Program:				
(2001 LB-BX-0989)	16.592	N/A	49,804	12,808
(2002 LB-BX-0849)		N/A	41,142	578
(2003 LB-BX-0528)		N/A	28,303	13,595
Total U.S. Department of Justice				26,981
Department of Homeland Security - Federal Emergency Management				
Agency - Passed through the Office for Domestic Preparedness:				
Power Public Assistance Project	97.036	FEMA-EM-099-69800	35,209	35,209
Emergency Management	97.036	FEMA-EM-099-07362	437	437
Total U.S. Department of Homeland Security				35,646
Total federal awards				$ 1,763,803

See Notes to Schedule of Expenditures of Federal Awards.

Reconciliation of Basic Financial Statements
Federal Revenue with Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Revenue from federal sources - As reported on financial statements (includes all funds)	$ 840,118
Michigan Department of Transportation administered grant revenue not reported in basic financial statements	1,005,893
Amounts spent by the City of Roseville during the year ended June 30, 2003 and not reimbursed by HUD until year ended June 30, 2004	(89,057)
Amounts spent by the City of Roseville not yet reimbursed by the U.S. Department of Justice	18,544
Amounts spent by the City of Roseville during the year ended June 30, 2003 and not reimbursed by the U.S. Department of Justice until year ended June 30, 2004	(11,695)
Federal expenditures per the schedule of expenditures of federal awards	**$ 1,763,803**

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Roseville, Michigan 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.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Current Year Cash Transferred to Subrecipient
U.S. Department of Housing and Urban Development - Community Development Block Grant - Passed through to:	14.218	
CHORES		$ 31,647
Lighthouse		30,400
Care House		7,400
MCREST - Shelter Program		10,320
St. Vincent De Paul		16,662
HABITAT - Macomb County		41,335
Total Project Number		$ 137,764

Note 3 - Program Income

During the year, the Community Development Block Grant Program (CFDA No. 14.218) also recognized $349,613 of program income consisting of loan repayments and interest. The income was expended on additional residential rehabilitation projects.

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 _X_ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ___ Yes _X_ None reported

Noncompliance material to financial statements noted? ___ Yes _X_ No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ___ Yes _X_ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ___ Yes _X_ 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 Circular A-133? ___ Yes _X_ No

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant
20.205	Federal Highway Administration

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

Auditee qualified as low-risk auditee? ___ Yes _X_ No

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2004

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None