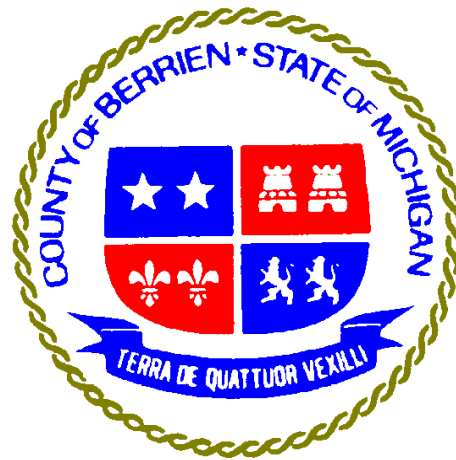


County of Berrien,
Michigan



Year Ended
December 31, 2017

Single Audit Act
Compliance

COUNTY OF BERRIEN, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	7
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 <i>Government Auditing Standards</i>	9
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	11
Schedule of Findings and Questioned Costs	13
Summary Schedule of Prior Audit Findings	16
Supplemental Schedule for the Michigan Department of Transportation - Schedule of Expenditures of Federal and State Awards - Small Bus Program	17



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

June 27, 2018

Board of Commissioners
County of Berrien, Michigan
St. Joseph, 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 *County of Berrien, Michigan* (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 27, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. In addition, the accompanying supplemental schedule of expenditures of federal and state awards as required by the Michigan Department of Transportation 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 basic 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 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 and the accompanying required supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
School Breakfast Program:				
2016/2017	10.553	MDE	n/a	\$ 8,480
2017/2018	10.553	MDE	n/a	8,404
				<u>16,884</u>
National School Lunch Program:				
2016/2017	10.555	MDE	n/a	13,281
2017/2018	10.555	MDE	n/a	12,863
Snack Program:				
2016/2017	10.555	MDE	n/a	3,540
2017/2018	10.555	MDE	n/a	3,443
				<u>33,127</u>
Total Child Nutrition Cluster				<u>50,011</u>
Special Supplemental Food Program for Women, Infants and Children:				
2012/2013	10.557	MDHHS	-n/a-	20,544
2016/2017	10.557	MDHHS	IW100342	564,206
2017/2018	10.557	MDHHS	050035	190,391
WIC Breastfeeding:				
2016/2017	10.557	MDHHS	W500342	16,571
2016/2017	10.557	MDHHS	IW100342	8,286
2017/2018	10.557	MDHHS	16162MI002Y8604	3,081
2017/2018	10.557	MDHHS	050022	3,081
2017/2018	10.557	MDHHS	050035	3,055
				<u>809,215</u>
Total U.S. Department of Agriculture				<u>859,226</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant - CDBG Homeowner Assistance Program -				
2016/2017	14.228	MSHDA	MSC-2015-1091-HOA	<u>226,923</u>
U.S. Department of Justice				
JAG Program -				
2016/2017	16.738	Direct	2015-DJ-BX-0774	2,643
JJMH Expanded Collaborative Strategic Plan -				
2016/2017	16.745	Direct	2014-MO-BX-0037	<u>17,681</u>
Total U.S. Department of Justice				<u>20,324</u>
U.S. Department of Transportation				
Formula Grants for Rural Areas -				
Small Bus Program - Section 5311:				
2016/2017	20.509	MDOT	2017-0021	111,295
2017/2018	20.509	MDOT	2017-0021	43,440
				<u>154,735</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Transportation (continued)				
Highway Safety Cluster:				
Alcohol Enforcement:				
2016/2017	20.601	MDOT	410	\$ 28,285
2017/2018	20.601	MDOT	410	3,416
				<u>31,701</u>
Hazardous Materials Emergency				
Preparedness Program -				
2016/2017	20.601	MSP	HM-HMP-0558-16-01-00	<u>6,900</u>
Total Highway Safety Cluster				<u>38,601</u>
Total U.S. Department of Transportation				<u>193,336</u>
U.S. Environmental Protection Agency				
Drinking Water State Revolving Funds Cluster -				
Great Lakes Program:				
2016/2017	66.468	MDEQ	n/a	268
2017/2018	66.468	MDEQ	n/a	110
				<u>378</u>
Beach Monitoring & Notification Program				
Implementation Grant -				
2016/2017	66.472	MDEQ	CU-00E99307-0	<u>28,303</u>
Total U.S. Environmental Protection Agency				<u>28,681</u>
Bioterrorism:				
Emergency Preparedness:				
2016/2017 - Oct 16 to June 17	93.069	MDHHS	NU90TP00528	67,796
2016/2017 - July 17 to Sept 17	93.069	MDHHS	NU90TP921906	31,413
Ebola Virus Disease (EVD) Phase II -				
2016/2017 - Oct 16 to Sept 17	93.069	MDHHS	NU90TP00528	12,162
				<u>111,371</u>
Emergency Preparedness -				
2017/2018 - Oct 17 to June 18	93.074	MDHHS	NU90TP921906	<u>32,568</u>
Bioassay of Chemicals and Test Development -				
2017/2018	93.114	MPHI	n/a	<u>17,390</u>
Tuberculosis Control Program and Aids -				
TB Control:				
2016/2017	93.116	MDHHS	1U52PS00469301	76
2017/2018	93.116	MDHHS	NU52PS004693	24
				<u>100</u>
Family Planning Services:				
2016/2017	93.217	MDHHS	GFPHPA050173 41	69,585
2017/2018	93.217	MDHHS	FPHPA056287	20,269
				<u>89,854</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Immunization Grants:				
Infant Immunization Action Plan:				
2016/2017	93.268	MDHHS	H23 CCH522556	\$ 38,100
2017/2018	93.268	MDHHS	NH23IP000752	16,956
2017/2018	93.268	MDHHS	NU50CK000369	4,451
Value of Federal Vaccines Received	93.268	MDHHS	n/a	195,248
				<u>254,755</u>
Epidemiology and Laboratory Capacity for Infectious Diseases:				
2016/2017	93.323	MDHHS	NU50CK000369	10,000
2017/2018	93.323	MDHHS	NU50CK000369	9,540
				<u>19,540</u>
Support for Expectant & Parenting Teens - MI Adolescent Pregnancy & Parenting Program:				
2016/2017	93.500	MDHHS	SP1AH000029 01	154,818
2017/2018	93.500	MDHHS	n/a	7,708
2017/2018	93.500	MDHHS	SP1AH000044	38,542
				<u>201,068</u>
Infant Immunization Action Plan -				
2016/2017	93.539	MDHHS	H23 IP000752	19,842
Title IV-D Child Support Enforcement:				
Incentive Payments:				
2016/2017	93.563	MDHHS	n/a	187,873
2017/2018	93.563	MDHHS	n/a	60,851
Friend of the Court:				
2016/2017	93.563	MDHHS	CSFOC-17-11001	1,040,613
2017/2018	93.563	MDHHS	CSFOC-17-11001	378,297
Prosecuting Attorney:				
2016/2017	93.563	MDHHS	CSPA-17-11002	178,161
2017/2018	93.563	MDHHS	CSPA-17-11002	62,860
				<u>1,908,655</u>
Positive Parenting Program:				
2016/2017	93.590	MDHHS	CTFDS 15-11011	12,729
2017/2018	93.590	MDHHS	n/a	2,805
				<u>15,534</u>
MIPHAB - Accredited readers				
	93.758	MDHHS	2B010T009028	<u>38,147</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Medical Assistance Cluster:				
Children's Special Health Care Services				
Medicaid Outreach -				
2016/2017	93.778	MDHHS	05 U05M15ADM	\$ 38,043
Children's Special Health Care Services:				
2016/2017	93.778	MDHHS	05 U05M15ADM	21,777
2017/2018	93.778	MDHHS	253001	54,446
Children's Special Health Care Coordination Services:				
2016/2017	93.778	MDHHS	05 U05M15ADM	1,490
2017/2018	93.778	MDHHS	05 U05M15ADM	985
CSHCS Medicaid Elevated Blood Lead Case Management:				
2016/2017	93.778	MDHHS	05 1205M15MAP	12,272
2017/2018	93.778	MDHHS	253002	5,443
Medicaid Outreach:				
2016/2017	93.778	MDHHS	05 U05M15ADM	20,638
2017/2018	93.778	MDHHS	253001	7,596
Nurse Family Partnership Medicaid Outreach -				
2016/2017	93.778	MDHHS	05 U05M15ADM	68,780
Nurse Family Partnership:				
2016/2017	93.778	MDHHS	05U05M15ADM	119,562
2017/2018	93.778	MDHHS	05U05M15ADM	30,312
Total Medical Assistance Cluster				<u>381,344</u>
Maternal, Infant and Early Childhood				
Home Visiting Cluster -				
Nurse Family Partnership:				
2016/2017	93.870	MDHHS	X10MC29482	240,849
2017/2018	93.870	MDHHS	X10MC29482	61,062
				<u>301,911</u>
HIV Prevention Activities - Health Department Based -				
AIDS/HIV Prevention:				
2016/2017	93.940	MDHHS	U62 PS003671	750
2017/2018	93.940	MDHHS	NU62PS003671	93
				<u>843</u>
Maternal and Child Health Services Block Grant:				
Fetal Infant Mortality Review -				
2016/2017	93.994	MDHHS	B1MMCHS	2,198
Public Health Functions and Infrastructure -				
2016/2017	93.994	MDHHS	B1MMCHS	12,860
Children's Special Health Care Coordination Services:				
2016/2017	93.994	MDHHS	B1MMCHS	2,000
2017/2018	93.994	MDHHS	B1MMCHS	1,780
Family Planning Services:				
2016/2017	93.994	MDHHS	B1MIMCHS	164,728
2017/2018	93.994	MDHHS	252208	66,611
				<u>250,177</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
Block Grants for Prevention and Treatment of Substance Abuse - Drug Prevention:				
2016/2017	93.959	SWMBH	n/a	\$ 162,047
2017/2018	93.959	SWMBH	n/a	59,507
				<u>221,554</u>
Total U.S. Department of Health and Human Services				<u>3,864,653</u>
U.S. Department of Homeland Security				
Emergency Management Performance Grant				
	97.042	MSP	EMC-2017-EP-00001	<u>38,577</u>
Homeland Security Grant Program - Regional Homeland Security Grant:				
2015/2016	97.067	VC	2014-SS-00059	8,089
2016/2017	97.067	VC	2014-SS-00059	5,180
				<u>13,269</u>
Total U.S. Department of Homeland Security				<u>51,846</u>
Total Expenditures of Federal Awards				<u>\$ 5,244,989</u>
				concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF BERRIEN, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Berrien, Michigan (the "County") under programs of the federal government for the year ended December 31, 2017. 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 County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's financial statements. The County's financial statements include the operations of the Berrien County Road Commission and the Berrien Mental Health Authority discretely presented component units, which each received federal awards that are not included in the Schedule for the year ended December 31, 2017, as these entities were separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform 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.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

The County did not pass through any federal grants to subrecipients during the current year.

3. PASS-THROUGH AGENCIES

The County 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
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
MDOT	Michigan Department of Transportation
MDEQ	Michigan Department of Environmental Quality
MPHI	Michigan Public Health Institute
SWMBH	Southwest Michigan Behavioral Health
VC	Van Buren County



This page intentionally left blank.

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 27, 2018

Board of Commissioners
County of Berrien, Michigan
St. Joseph, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Berrien, Michigan* (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2018. Our report includes a reference to other auditors who audited the financial statements of the Berrien County Road Commission and the Berrien Mental Health Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’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*.

County of Berrien, Michigan’s Response to Finding

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



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

June 27, 2018

Board of Commissioners
County of Berrien, Michigan
St. Joseph, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Berrien, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements also include the operations of the Berrien County Road Commission and the Berrien Mental Health Authority, which received certain federal awards that are not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. Our audit, described below, did not include the operations of the Berrien County Road Commission and the Berrien Mental Health Authority because they arranged for separate audits in accordance with the Uniform Guidance.

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 County'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 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 County'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 County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of the County 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 County'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 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 County'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.

The image shows a handwritten signature in black ink that reads "Lehmann Lobman LLC". The signature is written in a cursive, flowing style.

COUNTY OF BERRIEN, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
93.778	Medicaid Cluster	Unmodified
93.563	Title IV-D Child Support Enforcement	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

COUNTY OF BERRIEN, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

2017-001 - Significant Audit Adjustments

Finding Type. Significant Deficiency in Internal Controls 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 and proposed various adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements.

Cause. Closing procedures did not detect certain adjustments necessary to properly record year-end balances.

Effect. As a result of this condition, The County's accounting records were initially misstated by amounts significant to the financial statements. Specifically, the follow areas were misstated:

- Beginning fund balance was understated and revenue was overstated by approximately \$983,000 in the Brownfield Redevelopment Authority Component Unit.
- Deferred inflows were understated and revenue was overstated by approximately \$74,000 in the Road special revenue fund for revenues that were not considered to be available based on the County's policies.
- Accounts payable and expenditures were understated by approximately \$181,000 in the capital improvements fund.

Recommendation. The necessary adjustments have been made in the accounting records and appropriately presented in the financial statements. Accordingly, no further corrective action is necessary.

View of Responsible Officials. Management agrees with the findings and will review the circumstances surrounding the significant audit adjustments and address appropriate individuals/procedures.

COUNTY OF BERRIEN, MICHIGAN

■ Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

■ ■ ■ ■ ■

COUNTY OF BERRIEN, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2017

2016-001 - Allowable Costs/Cost Principles - Payroll Charges

The Uniform Guidance requires the County to support payroll charged to federal cost objectives with adequate documentation in accordance with the County's payroll policies. The County was not able to provide underlying payroll documentation for all employees tested during 2016. No such exceptions were noted during current year testing. This finding was adequately resolved.



COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal and State Awards - Small Bus Program
 For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Pass-Through Entity	Pass-through Grantor Number	Expenditures
Federal				
U.S. Department of Transportation				
Small Bus Program - Section 5311	20.509	MDOT	2017-0021	\$ 111,295
Small Bus Program - Section 5311	20.509	MDOT	2017-0021	43,440
State				
Michigan Department of Transportation				
State Formula Operating Assistance	-n/a-	-n/a-	-n/a-	<u>330,776</u>
Total Expenditures of Federal and State Awards - Small Bus Program				<u>\$ 485,511</u>