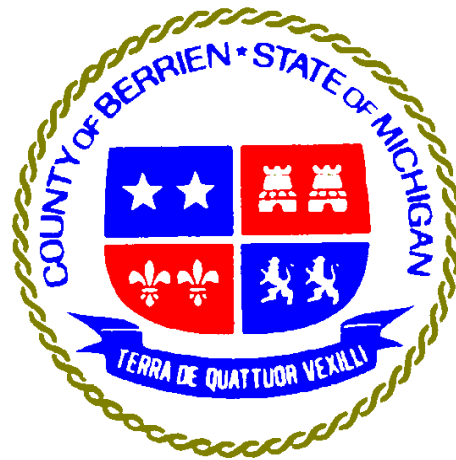


County of Berrien,  
Michigan



Year Ended  
December 31, 2018

Single Audit Act  
Compliance

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# COUNTY OF BERRIEN, MICHIGAN

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

June 21, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 21, 2019, 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*

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COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

| Federal Agency / Cluster / Program Title                           | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|--|-------------|----------------|-------------------------------|----------------------|
| <b>U.S. Department of Agriculture</b>                              |             |                |                               |                      |
| Child Nutrition Cluster:   |             |                |                               |                      |
| School Breakfast Program:  |             |                |                               |                      |
| 2017/2018  | 10.553      | MDE            | n/a                           | \$ 8,994             |
| 2018/2019  | 10.553      | MDE            | n/a                           | 7,509                |
|  |             |                |                               | <u>16,503</u>        |
| National School Lunch Program:                                     |             |                |                               |                      |
| 2017/2018  | 10.555      | MDE            | n/a                           | 10,804               |
| 2018/2019  | 10.555      | MDE            | n/a                           | 11,855               |
| Snack Program:   |             |                |                               |                      |
| 2017/2018  | 10.555      | MDE            | n/a                           | 3,254                |
| 2018/2019  | 10.555      | MDE            | n/a                           | 3,174                |
| Non-Cash Assistance -  |             |                |                               |                      |
| Entitlement Commodities  | 10.555      | MDE            | n/a                           | 3,481                |
|  |             |                |                               | <u>32,568</u>        |
| Total Child Nutrition Cluster                                      |             |                |                               | <u>49,071</u>        |
| Special Supplemental Food Program for Women, Infants and Children: |             |                |                               |                      |
| 2017/2018  | 10.557      | MDHHS          | 182MI003W1003                 | 571,173              |
| 2018/2019  | 10.557      | MDHHS          | 050035                        | 190,391              |
| WIC Breastfeeding:   |             |                |                               |                      |
| 2017/2018  | 10.557      | MDHHS          | 16162MI013W5003               | 10,705               |
| 2017/2018  | 10.557      | MDHHS          | 172MI013W5003                 | 16,831               |
| 2017/2018  | 10.557      | MDHHS          | 182MI003W1003                 | 13,653               |
| 2018/2019  | 10.557      | MDHHS          | 050022                        | 11,891               |
| 2018/2019  | 10.557      | MDHHS          | 050035                        | 5,946                |
|  |             |                |                               | <u>820,590</u>       |
| Total U.S. Department of Agriculture                               |             |                |                               | <u>869,661</u>       |
| <b>U.S. Department of Transportation</b>                           |             |                |                               |                      |
| Formula Grants for Other Than Urbanized Areas -                    |             |                |                               |                      |
| Small Bus Program - Section 5311:                                  |             |                |                               |                      |
| 2017/2018  | 20.509      | MDOT           | 2017-0021                     | 112,618              |
| 2018/2019  | 20.509      | MDOT           | 2017-0021                     | 46,141               |
| 2018/2019  | 20.509      | MDOT           | 2017-0021/P2                  | 356,254              |
|  |             |                |                               | <u>515,013</u>       |

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

| 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:                           |             |                |                               |                      |
| 2017/2018                                      | 20.601      | MDOT           | 410                           | \$ 20,864            |
| 2018/2019                                      | 20.601      | MDOT           | 410                           | 1,987                |
| Hazardous Materials Emergency -                |             |                |                               |                      |
| Preparedness Program -                         |             |                |                               |                      |
| 2017/2018                                      | 20.601      | MSP            | HM-HMP-0558-16-01-00          | <u>13,775</u>        |
| Total Highway Safety Cluster                   |             |                |                               | <u>36,626</u>        |
| Total U.S. Department of Transportation        |             |                |                               | <u>551,639</u>       |
| U.S. Environmental Protection Agency           |             |                |                               |                      |
| Drinking Water State Revolving Funds Cluster - |             |                |                               |                      |
| Great Lakes Program:                           |             |                |                               |                      |
| 2017/2018                                      | 66.468      | MDEQ           | FS975487-16                   | 570                  |
| 2018/2019                                      | 66.468      | MDEQ           | FS975487-17                   | <u>110</u>           |
|  |             |                |                               | 680                  |
| Beach Monitoring & Notification Program        |             |                |                               |                      |
| Implementation Grant -                         |             |                |                               |                      |
| 2017/2018                                      | 66.472      | MDEQ           | CU-00E99308                   | <u>9,323</u>         |
| Total U.S. Environmental Protection Agency     |             |                |                               | <u>10,003</u>        |
| U.S. Department of Health and Human Services   |             |                |                               |                      |
| Bioterrorism -                                 |             |                |                               |                      |
| Emergency Preparedness:                        |             |                |                               |                      |
| 2017/2018 - Oct 17 to June 18                  | 93.069      | MDHHS          | NU90TP92190906                | 67,612               |
| 2017/2018 - July 2018 to Sept 18               | 93.069      | MDHHS          | NU90TP92190906                | 32,412               |
| 2018/2019 - Oct 18 to July 19                  | 93.069      | MDHHS          | NU90TP92190906                | <u>48,175</u>        |
|  |             |                |                               | <u>148,199</u>       |
| Bioassay of Chemicals and Test Development -   |             |                |                               |                      |
| MDR 2018                                       | 93.116      | MPHI           | n/a                           | 851                  |
| Tuberculosis Control Program and Aids:         |             |                |                               |                      |
| TB Control Incorporation & Enable -            |             |                |                               |                      |
| 2017/2018                                      | 93.116      | MDHHS          | n/a                           | 3,136                |
| TB Control:                                    |             |                |                               |                      |
| 2017/2018                                      | 93.116      | MDHHS          | U52PS004693                   | 75                   |
| 2017/2018                                      | 93.116      | MDHHS          | NU52PS004693                  | 1                    |
| 2018/2019                                      | 93.116      | MDHHS          | U52PS004693                   | <u>24</u>            |
|  |             |                |                               | <u>4,087</u>         |
| Family Planning Services:                      |             |                |                               |                      |
| 2017/2018                                      | 93.217      | MDHHS          | FPHPA056287                   | 83,212               |
| 2017/2018                                      | 93.217      | MDHHS          | 252900                        | <u>17,580</u>        |
|  |             |                |                               | <u>100,792</u>       |

continued...



COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

| 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:                                     |             |                |                               |                      |
| Immunization Fixed Fees:                                 |             |                |                               |                      |
| 2017/2018  | 93.268      | MDHHS          | NH23IP000752                  | \$ 1,800             |
| 2018/2019  | 93.268      | MDHHS          | NH23IP000752                  | 700                  |
| Infant Immunization Action Plan:                         |             |                |                               |                      |
| 2017/2018  | 93.268      | MDHHS          | NH23IP000752                  | 9,552                |
| 2018/2019  | 93.268      | MDHHS          | NH23IP000752                  | 5,285                |
| 2018/2019  | 93.268      | MDHHS          | n/a                           | 1,762                |
| Value of Federal Vaccines Received                       | 93.268      | MDHHS          | n/a                           | 168,814              |
|  |             |                |                               | <u>187,913</u>       |
| NACCHO Accrued Initiative                                | 93.424      | NACCHO         | n/a                           | <u>14,601</u>        |
| Title IV-E Prevention Services -<br>2017/2018            | 93.472      | MDHHS          | E20182772                     | <u>10,427</u>        |
| Support for Expectant & Parenting Teens -                |             |                |                               |                      |
| Michigan Adolescent Pregnancy & Parenting Program:       |             |                |                               |                      |
| 2017/2018  | 93.500      | MDHHS          | SP1AH000044                   | 178,058              |
| 2018/2019  | 93.500      | MDHHS          | n/a                           | 8,172                |
| 2018/2019  | 93.500      | MDHHS          | SP1AH000029                   | 24,516               |
|  |             |                |                               | <u>210,746</u>       |
| Infant Immunization Action Plan :                        |             |                |                               |                      |
| 2017/2018  | 93.539      | MDHHS          | NH23IP000752                  | 43,880               |
| 2018/2019  | 93.539      | MDHHS          | IMMUNPPHF                     | 7,928                |
| 2018/2019  | 93.539      | MDHHS          | n/a                           | 2,643                |
|  |             |                |                               | <u>54,451</u>        |
| Title IV-D Child Support Enforcement:                    |             |                |                               |                      |
| Incentive Payments:                                      |             |                |                               |                      |
| 2017/2018  | 93.563      | MDHHS          | n/a                           | 190,744              |
| 2017/2018  | 93.563      | MDHHS          | n/a                           | 61,376               |
| Friend of the Court:                                     |             |                |                               |                      |
| 2017/2018  | 93.563      | MDHHS          | CSFOC-17-11001                | 1,067,813            |
| 2018/2019  | 93.563      | MDHHS          | CSFOC-17-11001                | 426,976              |
| Prosecuting Attorney:                                    |             |                |                               |                      |
| 2017/2018  | 93.563      | MDHHS          | CSPA-17-11002                 | 156,815              |
| 2018/2019  | 93.563      | MDHHS          | CSPA-17-11002                 | 53,319               |
|  |             |                |                               | <u>1,957,043</u>     |
| Positive Parenting Program -<br>2018/2019                | 93.590      | MDHHS          | n/a                           | <u>14,195</u>        |

continued...

COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

| Federal Agency / Cluster / Program Title                        | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|---|-------------|----------------|-------------------------------|----------------------|
| <b>U.S. Department of Health and Human Services (continued)</b> |             |                |                               |                      |
| <b>Medical Assistance Cluster:</b>                              |             |                |                               |                      |
| Children's Special Health Care Services -                       |             |                |                               |                      |
| Medicaid Outreach -   |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5ADM                    | \$ 51,735            |
| Children's Special Health Care Services:                        |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5ADM                    | 12,777               |
| 2018/2019   | 93.778      | MDHHS          | 253001                        | 62,141               |
| Children's Special Health Care Coordination Services:           |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5ADM                    | 4,308                |
| 2018/2019   | 93.778      | MDHHS          | 253001                        | 1,035                |
| Children's Special Health Care Coordination Services            |             |                |                               |                      |
| Medicaid Elevated Blood Lead Case Management:                   |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5MAP                    | 10,482               |
| 2018/2019   | 93.778      | MDHHS          | 253002                        | 4,233                |
| Medicaid Outreach:  |             |                |                               |                      |
| 2017/2017   | 93.778      | MDHHS          | 1805MI5ADM                    | 24,032               |
| 2018/2019   | 93.778      | MDHHS          | 253001                        | 8,390                |
| Nurse Family Partnership Medicaid Outreach:                     |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5ADM                    | 116,876              |
| 2018/2019   | 93.778      | MDHHS          | 253001                        | 12,456               |
| Nurse Family Partnership:                                       |             |                |                               |                      |
| 2017/2018   | 93.778      | MDHHS          | 1805MI5ADM                    | 90,938               |
| 2018/2019   | 93.778      | MDHHS          | 253001                        | 30,313               |
| <b>Total Medical Assistance Cluster</b>                         |             |                |                               | <b>429,716</b>       |
| <b>Maternal, Infant and Early Childhood</b>                     |             |                |                               |                      |
| Home Visiting Cluster -   |             |                |                               |                      |
| Nurse Family Partnership:                                       |             |                |                               |                      |
| 2017/2018   | 93.870      | MDHHS          | X10MC29482                    | 183,189              |
| 2018/2019   | 93.870      | MDHHS          | X10MC31148                    | 61,063               |
|   |             |                |                               | <b>244,252</b>       |
| <b>HIV Prevention Activities - Health Department Based -</b>    |             |                |                               |                      |
| AIDS/HIV Prevention:  |             |                |                               |                      |
| 2017/2018   | 93.940      | MDHHS          | NU62PS003671                  | 157                  |
| 2017/2018   | 93.940      | MDHHS          | NU62PS624530                  | 750                  |
| 2018/2019   | 93.940      | MDHHS          | U62PS003671                   | 250                  |
|   |             |                |                               | <b>1,157</b>         |
| <b>Maternal and Child Health Services Block Grant:</b>          |             |                |                               |                      |
| Fetal Infant Mortality Review:                                  |             |                |                               |                      |
| 2017/2018   | 93.994      | MDHHS          | B04MC31495                    | 4,050                |
| 2018/2019   | 93.994      | MDHHS          | 252208                        | 1,080                |
| Sudden Unexplained Infant Death -                               |             |                |                               |                      |
| 2017/2018   | 93.994      | MDHHS          | B04MC31495                    | 125                  |
| Children's Special Health Care Coordination Services:           |             |                |                               |                      |
| 2017/2018   | 93.994      | MDHHS          | B04MC31495                    | 5,780                |
| 2018/2019   | 93.994      | MDHHS          | B1MMCHS                       | 1,700                |
| Public Health Functions and Infrastructure -                    |             |                |                               |                      |
| 2018/2019   | 93.994      | MDHHS          | 252208                        | 10                   |
| Enabling Services Women - MCH - Breastfeeding -                 |             |                |                               |                      |
| 2018/2019   | 93.994      | MDHHS          | 252208                        | 92                   |
| Family Planning Services:                                       |             |                |                               |                      |
| 2017/2018   | 93.994      | MDHHS          | B04MC31495                    | 160,776              |
| 2018/2019   | 93.994      | MDHHS          | 252208                        | 47,163               |
|   |             |                |                               | <b>220,776</b>       |

continued...

COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2018

| 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: |             |                |                               |                      |
| 2017/2018   | 93.959      | SWMBH          | n/a                           | \$ 169,805           |
| 2018/2019   | 93.959      | SWMBH          | n/a                           | 63,052               |
|   |             |                |                               | <u>232,857</u>       |
| Total U.S. Department of Health and Human Services                              |             |                |                               | <u>3,831,212</u>     |
| U.S. Department of Homeland Security  |             |                |                               |                      |
| Emergency Management Performance Grant  | 97.042      | MSP            | EMC-2017-EP-00001             | <u>56,739</u>        |
| Homeland Security Grant Program - Regional Homeland Security Grant:             |             |                |                               |                      |
| 2016/2019   | 97.067      | VC             | 2014-SS-00059                 | 8,148                |
| 2017/2020   | 97.067      | VC             | 2014-SS-00059                 | 3,721                |
|   |             |                |                               | <u>11,869</u>        |
| Total U.S. Department of Homeland Security                                      |             |                |                               | <u>68,608</u>        |
| Total Expenditures of Federal Awards  |             |                |                               | <u>\$ 5,331,123</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, 2018. 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 Mental Health Authority discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2018, as the entity was 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         |
| MSP                              | Michigan State Police                                    |
| MDOT                             | Michigan Department of Transportation                    |
| MDEQ                             | Michigan Department of Environmental Quality             |
| MPHI                             | Michigan Public Health Institute                         |
| NACCHO                           | National Association of County and City Health Officials |
| SWMBH                            | Southwest Michigan Behavioral Health                     |
| VC                               | Van Buren County   |



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 21, 2019

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, 2018, 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 21, 2019. Our report includes a reference to other auditors who audited the financial statements of 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 auditor's 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 as items 2018-002 and 2018-003 to be material weaknesses.

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 item 2018-001 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 Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### 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.

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

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

June 21, 2019

Board of Commissioners  
County of Berrien, Michigan  
St. Joseph, Michigan**Report on Compliance for the 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 the County's major federal program for the year ended December 31, 2018. The County's major federal program is 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 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, 2018. Our audit, described below, did not include the operations of the Berrien Mental Health Authority because they arranged for a separate financial statement audit and did not meet the criteria for a single audit 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 the County's major federal program 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 the 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 its major federal program for the year ended December 31, 2018.

#### **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 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 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.





# COUNTY OF BERRIEN, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   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> |
|--------------------|---|----------------|
| 93.563             | 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?  X  yes   no

# COUNTY OF BERRIEN, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2018-001 - Preparation of the Schedule of Expenditures of Federal Awards

Finding Type. Significant Deficiency in Internal Controls over Financial Reporting

Criteria. The Uniform Guidance requires that the County “identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.” In addition, the County is required to “prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with the Uniform Guidance.”

Condition. Management prepared the schedule of expenditures of federal awards (SEFA) that included the majority of the federal grant activity of the County. However, it initially excluded approximately \$356,000 of federal expenditures for the Small Bus Program (CFDA #20.509).

Cause. As is the case with many large governments, the County administers a wide array of federal and state grants through its many departments. The function of grant administration is highly decentralized and the Finance department was not informed in a timely manner that the project in question was federally funded.

Effect. The County’s SEFA was initially misstated by amounts that were significant to the financial statements.

Recommendation. Management has taken appropriate action in the current year by reviewing and correcting the proposed adjustments to the SEFA. In addition, the County should evaluate its processes to ensure that all federal programs are appropriately included on the SEFA.

View of Responsible Officials. Berrien County acknowledges oversight of the federal program as noted above in its preparation of the SEFA. Revenue was marked as Federal funding however current review and preparation processes did not identify this item. Revision of current process to including items of this type will be incorporated into future reviews.

# COUNTY OF BERRIEN, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2018-002 - Special Assessments Receivable - Subsidiary Ledger

Finding Type. Material Weakness in Internal Controls over Financial Reporting

Criteria. The County is required to prepare sufficient documentation to support the balances in its general ledger accounts.

Condition. The Drain Commission funds large drain projects with the issuance of long-term debt. The debt is then repaid with long-term special assessments. Currently, the amount reported as special assessments receivable is equal to the outstanding debt balance.

Cause. The Drain Commission does not maintain a detailed subledger of outstanding special assessments that agrees to the amount reported as special assessments receivable on its financial statements.

Effect. Without a detailed subledger of special assessments outstanding by parcel, the Drain Commission is exposed to an increased risk that the amount reported as special assessments receivable at year end may not accurately factor in specific payment activities by individual property owners. This could result in the financial statements being misstated by amounts that are material to the Drain Commission.

Recommendation. We recommend that management develop a process to summarize special assessments by drain district and year to support the amounts reported as special assessments receivable in the Drain Commission.

View of Responsible Officials. County management is aware of the issue described in this finding and will work with the Drain Commissioner to remedy.

# COUNTY OF BERRIEN, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2018-003 - Procurement Policies and Procedures - Drain Commission

##### Finding Type. Material Weakness in Internal Controls over Financial Reporting

Criteria. Management is responsible for the design, implementation, and maintenance of internal control policies and procedures that ensure the preparation and fair presentation of financial statements that are free from material statement, whether due to fraud or error. This internal control system should include control activities over the purchase of goods and services including purchasing policies and procedures.

Condition. The County has established a purchasing policy that all County departments, including offices of elected officials except for the County Drain Commissioner, are required to follow. The Drain Commissioner has elected not to follow all aspects of the County's purchasing policy, and has not adopted a separate policy for purchases made by the Drain Commission.

Cause. The Drain Commissioner has determined that State law does not require him to follow County policies and has elected to only follow bid processes for purchases that are specifically required by the Drain Code.

Effect. In the absence of appropriate internal controls over purchasing, the Drain Commission is exposed to an increased risk that government resources may be misused or misappropriated, in amounts that could be material to the financial statements.

Recommendation. We recommend that the Drain Commissioner develop appropriate internal control policies and procedures over purchasing.

View of Responsible Officials. Berrien County acknowledges that an issue exists as described. County management has brought the finding to the attention of the Drain Commissioner and will work with the Drain Commissioner to develop internal control policy and procedures that meet the needs of the Drain Office and the financial objectives of the Board of Commissioners.

# COUNTY OF BERRIEN, MICHIGAN

## ■ Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

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# COUNTY OF BERRIEN, MICHIGAN

## ■ Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2018

### 2017-001 - Significant Audit Adjustments

Various adjustments were identified and proposed by the auditors (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. No such adjustments were noted during current year audit. 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, 2018

| Federal Agency / Cluster / Program Title                                  | CFDA Number | Pass-Through Entity | Pass-through Grantor Number | Expenditures             |
|---|-------------|---------------------|-----------------------------|--------------------------|
| <b>Federal</b>  |             |                     |                             |                          |
| U.S. Department of Transportation   |             |                     |                             |                          |
| Small Bus Program - Section 5311  | 20.509      | MDOT                | 2017-0021                   | \$ 112,618               |
| Small Bus Program - Section 5311  | 20.509      | MDOT                | 2017-0021                   | 46,141                   |
| Small Bus Program - Section 5311  | 20.509      | MDOT                | 2017-0021/P2                | 356,254                  |
| <b>State</b>  |             |                     |                             |                          |
| Michigan Department of Transportation                                     |             |                     |                             |                          |
| State Formula Operating Assistance  | -n/a-       | -n/a-               | -n/a-                       | <u>283,538</u>           |
| <b>Total Expenditures of Federal and State Awards - Small Bus Program</b> |             |                     |                             | <u><u>\$ 798,551</u></u> |

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