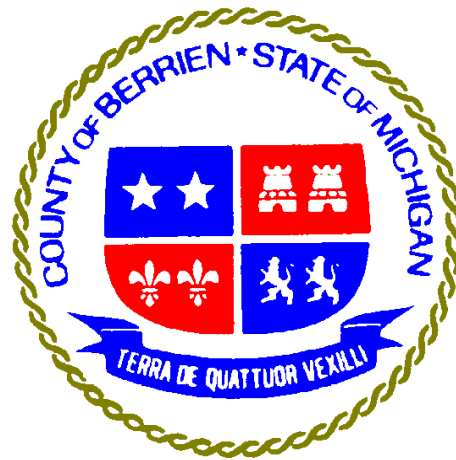


County of Berrien,  
Michigan



Year Ended  
December 31, 2019

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 12, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 12, 2020, 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.



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COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2019

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:				
2018/2019	10.553	MDE	n/a	\$ 14,418
2019/2020	10.553	MDE	n/a	5,315
				<u>19,733</u>
National School Lunch Program:				
2018/2019	10.555	MDE	n/a	22,794
2019/2020	10.555	MDE	n/a	8,509
Snack Program:				
2018/2019	10.555	MDE	n/a	6,167
2019/2020	10.555	MDE	n/a	2,255
Non-Cash Assistance -				
Entitlement Commodities	10.555	MDE	n/a	1,635
				<u>41,360</u>
Total Child Nutrition Cluster				<u>61,093</u>
Special Supplemental Food Program for				
Women, Infants and Children:				
2018/2019	10.557	MDHHS	192MI003W1003	571,173
2019/2020	10.557	MDHHS	050035	197,201
WIC Breastfeeding:				
2018/2019	10.557	MDHHS	172MI013W5003	32,838
2018/2019	10.557	MDHHS	182MI013W5003	10,946
2018/2019	10.557	MDHHS	192MI013W5003	21,893
2019/2020	10.557	MDHHS	182MI13W5003	11,219
2019/2020	10.557	MDHHS	192MI13W5003	5,609
2019/2020	10.557	MDHHS	050035	5,609
				<u>856,488</u>
Total U.S. Department of Agriculture				<u>917,581</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant -				
Housing Initiatives Division -				
2018/2019	14.239	MSHDA	M-2017-1091	<u>64,151</u>
U.S. Department of Transportation				
Formula Grants for Other Than Urbanized Areas -				
Small Bus Program - Section 5311:				
2018/2019	20.509	MDOT	2017-0021	107,514
2019/2020	20.509	MDOT	2017-0021	50,140
2019/2020	20.509	MDOT	2017-0021/P2	275,140
				<u>432,794</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2019

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:				
2018/2019	20.601	MDOT	410	\$ 10,422
2019/2020	20.601	MDOT	410	2,544
Total Highway Safety Cluster				<u>12,966</u>
Hazardous Materials Emergency - Preparedness Program - 2017/2018	20.703	MSP	HM-HMP-0558-16-01-00	<u>2,191</u>
Total U.S. Department of Transportation				<u>447,951</u>
U.S. Environmental Protection Agency				
Drinking Water State Revolving Funds Cluster - Great Lakes Program:				
2018/2019	66.468	EGLE	FS975487-17	2,941
2019/2020	66.468	EGLE	FS975487-18	110
				<u>3,051</u>
Beach Monitoring & Notification Program Implementation Grant - 2018/2019	66.472	EGLE	CU-00E99309	<u>9,323</u>
Total U.S. Environmental Protection Agency				<u>12,374</u>
U.S. Department of Health and Human Services				
Bioterrorism - Emergency Preparedness:				
2018/2019- Oct 18 to June 19	93.069	MDHHS	NU90TP921906	56,006
2018/2019- July 19 to Sept 19	93.069	MDHHS	NU90TP922062	32,580
2019/2020- Oct 19 to June 20	93.069	MDHHS	U3REP190584	11,861
				<u>100,447</u>
Take Pride in Prevention Program - 2019/2020	93.092	MDHHS	1801MIPREP	<u>17,700</u>
Tuberculosis Control Program and Aids:				
TB Control Incorporation & Enable - 2018/2019	93.116	MDHHS	n/a	190
TB Control: 2018/2019	93.116	MDHHS	U52PS004693	76
2019/2020	93.116	MDHHS	U52PS004693	678
				<u>944</u>
Family Planning Services:				
2018/2019	93.217	MDHHS	FPHPA006340	85,551
2019/2020	93.217	MDHHS	FPHPA006464	35,947
				<u>121,498</u>

continued...



COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2019

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:				
2018/2019	93.268	MDHHS	NH23IP000752	\$ 4,700
2019/2020	93.268	MDHHS	NH23IP922635	700
Infant Immunization Action Plan:				
2018/2019	93.268	MDHHS	NH23IP000752	39,641
2018/2019	93.268	MDHHS	NH23IP922635	13,213
2019/2020	93.268	MDHHS	NH23IP922635	13,104
2019/2020	93.268	MDHHS	251129	4,368
Value of Federal Vaccines Received	93.268	MDHHS	n/a	183,997
				<u>259,723</u>
Michigan Tobacco Control Grant	93.305	MDHHS	n/a	<u>1,893</u>
Epidemiology and Laboratory Capacity	93.323	MDHHS	NU50CK000369	<u>13,830</u>
Support for Expectant & Parenting Teens -				
Michigan Adolescent Pregnancy & Parenting Program:				
2018/2019	93.500	MDHHS	SP1AH000063	126,313
2019/2020	93.500	MDHHS	SP1AH000063	22,575
2019/2020	93.500	MDHHS	252904	7,525
				<u>156,413</u>
Title IV-D Child Support Enforcement:				
Incentive Payments:				
2018/2019	93.563	MDHHS	n/a	187,799
2019/2020	93.563	MDHHS	n/a	60,789
Friend of the Court:				
2018/2019	93.563	MDHHS	CS/FOC-17-11001	1,189,908
2019/2020	93.563	MDHHS	CS/FOC-17-11001	454,363
Prosecuting Attorney:				
2018/2019	93.563	MDHHS	CSPA-17-11002	152,353
2019/2020	93.563	MDHHS	CSPA-17-11002	54,506
				<u>2,099,718</u>
Positive Parenting Program -				
2019/2020	93.590	MDHHS	n/a	<u>5,882</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2019

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 -				
2017/2018	93.778	MDHHS	1805MI5ADM	\$ 36
2018/2019	93.778	MDHHS	2005MI5ADM	56,877
Children's Special Health Care Services:				
2018/2019	93.778	MDHHS	1905MI5ADM	7,514
2019/2020	93.778	MDHHS	2005MI5ADM	30,053
Children's Special Health Care Coordination Services:				
2018/2019	93.778	MDHHS	1905MI5ADM	4,395
2019/2020	93.778	MDHHS	253001	1,230
Children's Special Health Care Coordination Services				
Medicaid Elevated Blood Lead Case Management:				
2018/2019	93.778	MDHHS	1905M15MAP	3,690
2018/2019	93.778	MDHHS	2005M15MAP	5,180
2019/2020	93.778	MDHHS	2005M15MAP	2,060
Medicaid Outreach:				
2018/2019	93.778	MDHHS	1905MI5ADM	47,047
2019/2020	93.778	MDHHS	2005MI5ADM	17,641
Nurse Family Partnership Medicaid Outreach:				
2018/2019	93.778	MDHHS	1805MI5ADM	30,716
2018/2019	93.778	MDHHS	1805MI5ADM	41,068
2019/2020	93.778	MDHHS	253001	31,698
Nurse Family Partnership:				
2018/2019	93.778	MDHHS	1905MI5ADM	166,916
2019/2020	93.778	MDHHS	2005MI5ADM	58,891
Total Medical Assistance Cluster				<u>505,012</u>
State Opioid Response -				
2018/2019	93.788	SWMBH	n/a	<u>3,816</u>
Maternal, Infant and Early Childhood				
Home Visiting Grant Program -				
Nurse Family Partnership:				
2018/2019	93.870	MDHHS	X10MC31148	183,179
2019/2020	93.870	MDHHS	X10MC32198	61,093
				<u>244,272</u>
HIV Prevention Activities - Health Department Based -				
AIDS/HIV Prevention:				
2018/2019	93.940	MDHHS	NU62PS924530	750
2019/2020	93.940	MDHHS	NU62PS924530	113
				<u>863</u>
Family Planning Services -				
2018/2019	93.991	MDHHS	n/a	<u>7,661</u>
Maternal and Child Health Services Block Grant:				
Fetal Infant Mortality Review:				
2018/2019	93.994	MDHHS	B0432550	2,970
2019/2020	93.994	MDHHS	B04MC33846	1,080
Sudden Unexplained Infant Death -				
2018/2019	93.994	MDHHS	B0432550	125
2019/2020	93.994	MDHHS	B04MC33846	250

continued...

COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
Maternal and Child Health Services Block Grant (concluded):				
Children's Special Health Care Coordination Services:				
2018/2019	93.994	MDHHS	B0432550	\$ 7,860
2019/2020	93.994	MDHHS	252208	1,400
Public Health Functions and Infrastructure -				
2018/2019	93.994	MDHHS	284781	2,848
Enabling Services Women - MCH - Breastfeeding -				
2018/2019	93.994	MDHHS	252208	25,630
Family Planning Services:				
2018/2019	93.994	MDHHS	B0432550	133,671
2019/2020	93.994	MDHHS	BO4MC33846	53,775
				<u>229,609</u>
Block Grants for Prevention and Treatment of Substance Abuse -				
Drug Prevention:				
2017/2018	93.959	SWMBH	n/a	115,372
2018/2019	93.959	SWMBH	n/a	55,147
				<u>170,519</u>
Total U.S. Department of Health and Human Services				<u>3,939,800</u>
U.S. Department of Homeland Security				
Emergency Management Performance Grant				
	97.042	MSP	EMC-2017-EP-00001	<u>43,326</u>
Homeland Security Grant Program -				
Regional Homeland Security Grant:				
2016/2019	97.067	VC	2014-SS-00059	6,523
2017/2020	97.067	VC	2014-SS-00059	139
				<u>6,662</u>
Total U.S. Department of Homeland Security				<u>49,988</u>
Total Expenditures of Federal Awards				<u>\$ 5,431,845</u>
				concluded.

See notes to schedule of expenditures of federal awards.

# COUNTY OF BERRIEN, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Berrien, Michigan (the “County”) under programs of the federal government for the year ended December 31, 2019. 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, 2019, as the entity was separately audited.

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.

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

### 2. 10% DE MINIMIS COST RATE

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.

### 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
MSHDA	Michigan State Housing Development Authority
MDOT	Michigan Department of Transportation
EGLE	Michigan Department of Energy, Great Lakes, and Environment
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 12, 2020

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, 2019, 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 12, 2020. 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.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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 2019-002 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.

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

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

June 12, 2020

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, 2019. 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 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, 2019. 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 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, 2019.

#### **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.

A handwritten signature in black ink that reads "Lehmann Lohman 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, 2019

### 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>
10.557	Special Supplemental Food Program for Women, Infants and Children (WIC)	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, 2019

### SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 - Procurement Policies and Procedures - Drain Commission (Repeated from Prior Year)

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 (County Drain Commissioner). While we are not aware of other county drain commissioners that have such a policy, our office has been in the process of developing a procurement policy that comports with general accounting principles and yet maintains the independence of the Drain Commissioner's office, which by statute is not subject to direct oversight by the County's Board of Commissioners. We expect to develop a written policy that can be implemented within the next six months. We would expect that during an audit, our office's operations can be tested against the policy, and would be pleased to receive the auditor's input regarding the sufficiency of the policy as a control mechanism within this office.

# COUNTY OF BERRIEN, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2019-002 - Accurate Pension and OPEB Census Data

**Finding Type.** Significant Deficiency in Internal Control over Financial Reporting.

**Criteria.** The County maintains pension and other postemployment benefit (OPEB) plans. For presentation in the financial statements, actuarial valuations are required to be prepared. These valuations are prepared by third parties based on census data provided by the County. The integrity of the census data is imperative to ensure accuracy of the final actuarial reports.

**Condition.** Certain inconsistencies existed between the 2018 and 2019 census information provided to the actuaries, including the date of hire, date of retirement, years and months of service, and medical coverage tier. In addition, for a selection of new retirees, new active members, and new deferred members, reported salaries, retirement dates, and service dates were not consistent with retiree and personnel files. For the OPEB plan, there were also three individuals included in the census data that were not eligible for benefits. The County was unable to provide documentation for one out of the two individuals selected for OPEB testing.

**Cause.** The condition above appears to be caused by a lack of detailed review of the census data prior to submission to the County's actuaries.

**Effect.** As a result of this condition, the census information used to calculate the net pension and OPEB liabilities was not accurate, which could affect the reasonableness of those estimates.

**Recommendation.** Accurate reporting of census information is important given its impact on the underlying valuations. We recommend that the County maintain the complete census, and implement a review process to determine that census data submitted to the actuary is accurate and complete.

**View of Responsible Officials.** Berrien County acknowledges the inconsistencies in the information as noted. Items brought to the attention of the County were addressed immediately. The County is in the process of implementing a new pension system, which will provide for more automated calculations, such as the of length of service, which should substantially reduce the opportunity for errors. In addition to the new system, an additional step in the review process will be implemented for changes as well as a more stringent requirement for the Riverwood component unit.

# COUNTY OF BERRIEN, MICHIGAN

## ■ Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

### 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, 2019

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

The County was able to provide a mostly complete schedule of expenditures of federal awards (SEFA) at the beginning of audit fieldwork, however, a material adjustment to properly report the Small Bus Program was ultimately required resulting in changes to the total federal awards expended, which in turn required a reassessment of risk in determining and selecting major federal programs for testing. This finding was adequately resolved.

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

The County was unable to provide a detailed subledger of special assessments outstanding by parcel that agreed to the amount reported as special assessments receivable on the financial statements. This finding was adequately resolved.

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

The County Drain Commissioner has elected to not follow all aspects of the County's purchasing policy, and has not adopted a separate policy for purchases made by the Drain Commission. This matter was repeated as finding 2019-001.



COUNTY OF BERRIEN, MICHIGAN

**Schedule of Expenditures of Federal and State Awards - Small Bus Program**  
 For the Year Ended December 31, 2019

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	\$ 107,514
Small Bus Program - Section 5311	20.509	MDOT	2017-0021	50,140
Small Bus Program - Section 5311	20.509	MDOT	2017-0021/P2	275,140
				<u>432,794</u>
<b>State</b>				
Michigan Department of Transportation				
State Formula Operating Assistance	-n/a-	-n/a-	-n/a-	<u>369,783</u>
<b>Total Expenditures of Federal and State Awards - Small Bus Program</b>				<u><u>\$ 802,577</u></u>