

West Michigan Shoreline Regional  
Development Commission

**SINGLE AUDIT OF FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and  
Independent Auditor's Reports

September 30, 2018



WEST MICHIGAN SHORELINE  
REGIONAL DEVELOPMENT COMMISSION

West Michigan Shoreline Regional Development Commission

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**INDEPENDENT AUDITOR'S 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***

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
Muskegon, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of West Michigan Shoreline Regional Development Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise West Michigan Shoreline Regional Development Commission's basic financial statements, and have issued our report thereon dated March 13, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Michigan Shoreline Regional Development Commission'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 West Michigan Shoreline Regional Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of West Michigan Shoreline Regional Development Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 Responses, we identified 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 Responses to be material weaknesses, as **Findings 2018-001 and 2018-002**.

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 deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies, as **Findings 2018-003 and 2018-004**.

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
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**Compliance or Other Matters**

As part of obtaining reasonable assurance about whether West Michigan Shoreline Regional Development Commission’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*.

**West Michigan Shoreline Regional Development Commission’s Response to Findings**

West Michigan Shoreline Regional Development Commission’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. West Michigan Shoreline Regional Development Commission’s response was not subjected to 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Muskegon, Michigan  
March 13, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
Muskegon, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited West Michigan Shoreline Regional Development Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Michigan Shoreline Regional Development Commission's major federal programs for the year ended September 30, 2018. West Michigan Shoreline Regional Development Commission's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Responses.

***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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of West Michigan Shoreline Regional Development Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Michigan Shoreline Regional Development Commission'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 West Michigan Shoreline Regional Development Commission's compliance.

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
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***Opinion on Each Major Federal Program***

In our opinion, West Michigan Shoreline Regional Development Commission 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 September 30, 2018.

**Report on Internal Control Over Compliance**

Management of West Michigan Shoreline Regional Development Commission 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 West Michigan Shoreline Regional Development Commission'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 West Michigan Shoreline Regional Development Commission'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 a 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.

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.

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
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**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities and the major fund of West Michigan Shoreline Regional Development Commission as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise West Michigan Shoreline Regional Development Commission’s basic financial statements. We issued our report thereon dated March 13, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Muskegon, Michigan  
March 13, 2019

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended September 30, 2018

| Federal grantor/pass-through grantor/<br>program or cluster title/identifying number                 | Federal<br>CFDA<br>number | Entitlement<br>program<br>or award<br>amount | Accrued<br>(unearned)<br>revenue<br>October 1,<br>2017 | Adjustments<br>and<br>transfers | Cash or<br>payments in<br>kind received<br>(cash basis) | Expenditures<br>(accrual basis) |                 | Accrued<br>(unearned)<br>revenue<br>September 30,<br>2018 | Passed<br>through to<br>subrecipients |
|--|---------------------------|--|--|---------------------------------|---|---------------------------------|-----------------|---|---------------------------------------|
|  |                           |  |  |                                 |   | Prior<br>year(s)                | Current<br>year |   |                                       |
| <b>U.S. Department of Agriculture</b>  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Forest Service   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Direct Programs  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Urban and Community Forestry Program   | 10.675                    |  |  |                                 |   |                                 |                 |   |                                       |
| Great Lakes Restoration Initiative: Lake Michigan Coastal<br>Zone Reforestation (18-DG-11420004-033) |                           | \$ 200,000                                   | \$ -   | \$ -                            | \$ 6,107  | \$ -                            | \$ 9,424        | \$ 3,317  | \$ -                                  |
| Passed through Michigan River Watershed Assembly   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Cooperative Forestry Assistance  | 10.664                    |  |  |                                 |   |                                 |                 |   |                                       |
| Great Lakes Restoration Initiative (USDA-FS-2016-GLRI)   |                           | 95,789                                       | -  | -                               | 38,864  | 8,710                           | 68,452          | 29,588  | -                                     |
| Total U.S. Department of Agriculture   |                           | 295,789                                      | -  | -                               | 44,971  | 8,710                           | 77,876          | 32,905  | -                                     |
| <b>U.S. Department of Commerce</b>   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Economic Development Administration  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Direct programs  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Economic Development Support for Planning Organizations<br>(ED17CHI3020006)                          | 11.302                    | 210,000                                      | 9,561  | -                               | 23,513  | 47,283                          | 84,659          | 70,707  | -                                     |
| National Oceanic and Atmospheric Administration  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Habitat Conservation   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Direct programs  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Integrating Science and Restoration in Muskegon Lake Habitat<br>Focus Area (NA17NMF4630297)          |                           | 50,000                                       | -  | -                               | 19,535  | -                               | 21,700          | 2,165   | -                                     |
| Passed through the Great Lakes Commission  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Muskegon Lake Area of Concern Habitat Restoration Project<br>(NA13NMF4630217)                        |                           | 14,957,440                                   | 725,194  | -                               | 2,713,547   | 9,258,790                       | 5,302,932       | 3,314,579   | 34,535                                |
| Muskegon Lake Area of Concern Habitat Restoration Project<br>(NA16NMF4630341)                        |                           | 7,685,000                                    | -  | -                               | 38,845  | -                               | 61,293          | 22,448  | -                                     |
| Total passed through the Great Lakes Commission  |                           | 22,642,440                                   | 725,194  | -                               | 2,752,392   | 9,258,790                       | 5,364,225       | 3,337,027   | 34,535                                |
| Total National Oceanic and Atmospheric Administration  |                           | 22,692,440                                   | 725,194  | -                               | 2,771,927   | 9,258,790                       | 5,385,925       | 3,339,192   | 34,535                                |
| Total U.S. Department of Commerce  |                           | 22,902,440                                   | 734,755  | -                               | 2,795,440   | 9,306,073                       | 5,470,584       | 3,409,899   | 34,535                                |
| <b>U.S. Department of Transportation</b>   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Federal Highway Administration   |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Highway Planning and Construction  |                           |  |  |                                 |   |                                 |                 |   |                                       |
| Passed through the Michigan Department of Transportation   | 20.205                    |  |  |                                 |   |                                 |                 |   |                                       |
| FY 2017 Clean Air Action Program (2015-0024/10)  |                           | 100,000                                      | 45,540   | -                               | 45,540  | 77,682                          | -               | -   | -                                     |
| FY 2017 Unified Work Program (2015-0012/Z6/R1)   |                           | 342,365                                      | 48,922   | -                               | 76,904  | 309,707                         | 27,982          | -   | -                                     |
| FY 2018 Unified Work Program (2018-0012/Z1)  |                           | 461,950                                      | -  | -                               | 213,231   | -                               | 282,632         | 69,401  | -                                     |
| FY 2018 Muskegon Clean Air Action Program (2018-0012/Z2)   |                           | 93,178                                       | -  | -                               | 79,415  | -                               | 93,178          | 13,763  | -                                     |
| FY 2018 Management of the Rural Task Force and Small Urban<br>Program (2018-0024/Z2)                 |                           | 15,200                                       | -  | -                               | 11,625  | -                               | 11,625          | -   | -                                     |
| Total U.S. Department of Transportation  |                           | 1,012,693                                    | 94,462   | -                               | 426,715   | 387,389                         | 415,417         | 83,164  | -                                     |

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
For the year ended September 30, 2018

| Federal grantor/pass-through grantor/<br>program or cluster title/identifying number        | Federal<br>CFDA<br>number | Entitlement<br>program<br>or award<br>amount | Accrued<br>(unearned)<br>revenue<br>October 1,<br>2017 | Adjustments<br>and<br>transfers | Cash or<br>payments in<br>kind received<br>(cash basis) | Expenditures<br>(accrual basis) |                     | Accrued<br>(unearned)<br>revenue<br>September 30,<br>2018 | Passed<br>through to<br>subrecipients |
|---|---------------------------|--|--|---------------------------------|---|---------------------------------|---------------------|---|---------------------------------------|
|   |                           |  |  |                                 |   | Prior<br>year(s)                | Current<br>year     |   |                                       |
| <b>U.S. Environmental Protection Agency</b>   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Office of Water   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Great Lakes Program 66.469  |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Direct Programs   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Early Detection and Rapid Response Treatment of the Hemlock Woolly Adelgid (00E02215)       |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | \$ 600,000                                   | \$ -   | \$ -                            | \$ 198,339  | \$ -                            | \$ 212,994          | \$ 14,655   | \$ -                                  |
| Muskegon Lake Urban Runoff Green Infrastructure Project (GL-00E02228-0)                     |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 499,999                                      | -  | -                               | 34,357  | 71                              | 58,492              | 24,135  | -                                     |
| Total Direct Programs   |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 1,099,999                                    | -  | -                               | 232,696   | 71                              | 271,486             | 38,790  | -                                     |
| Passed through City of Muskegon   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Green Infrastructure Implementation Division Street Stormwater Improvements (GL-00E01414-0) |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 110,449                                      | 14,514   | -                               | 14,514  | 90,114                          | -                   | -   | -                                     |
| Passed through The Delta Institute  |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Reducing Sediment and Nutrients in Bear Creek and Bear Lake (EPA-R5-GL2014-2)               |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 256,198                                      | 7,493  | -                               | 18,073  | 40,000                          | 19,250              | 8,670   | -                                     |
| Passed through Michigan Department of Environmental Quality                                 |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Muskegon Lake BUI Removal AOC Transition Planning and Public Involvement (16-AOC-006)       |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 21,587                                       | -  | -                               | 279   | 19,473                          | 2,114               | 1,835   | -                                     |
| Muskegon Lake AOC BUI Removal and Public Education Project (17-AOC-009)                     |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 29,671                                       | 1,443  | -                               | 6,497   | 1,443                           | 19,995              | 14,941  | -                                     |
| Total passed through Michigan Department of Environmental Quality                           |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 51,258                                       | 1,443  | -                               | 6,776   | 20,916                          | 22,109              | 16,776  | -                                     |
| Passed through Michigan Department of Natural Resources                                     |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Muskegon Lake AOC BUI Removal Assessment and Transition Planning Project (18-AOC-009)       |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 30,000                                       | -  | -                               | 179   | -                               | 423                 | 244   | -                                     |
| Total U.S. Environmental Protection Agency  |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 1,547,904                                    | 23,450   | -                               | 272,238   | 151,101                         | 313,268             | 64,480  | -                                     |
| <b>U.S. Department of Homeland Security</b>   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Federal Emergency Management Agency   |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Homeland Security Grant Program 97.067  |                           |  |  |                                 |   |                                 |                     |   |                                       |
| Passed through Michigan Department of State Police  |                           |  |  |                                 |   |                                 |                     |   |                                       |
| FY 2015 Homeland Security Grant Program (EMW-2015-SS-00033)                                 |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 1,295,669                                    | 17,950   | -                               | 254,035   | 1,032,361                       | 236,592             | 507   | 204,843                               |
| FY 2016 Homeland Security Grant Program (EMW-2016-SS-00010-S01)                             |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 1,296,548                                    | 30,112   | -                               | 723,084   | 117,771                         | 714,194             | 21,222  | 568,813                               |
| FY 2017 Homeland Security Grant Program (EMW-2017-SS-00013)                                 |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 1,293,237                                    | -  | -                               | 1,636   | -                               | 1,712               | 76  | 1,712                                 |
| Total U.S. Department of Homeland Security  |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | 3,885,454                                    | 48,062   | -                               | 978,755   | 1,150,132                       | 952,498             | 21,805  | 775,368                               |
| <b>TOTAL FEDERAL ASSISTANCE</b>   |                           |  |  |                                 |   |                                 |                     |   |                                       |
|   |                           | <b>\$ 29,644,280</b>                         | <b>\$ 900,729</b>                                      | <b>\$ -</b>                     | <b>\$ 4,518,119</b>                                     | <b>\$ 11,003,405</b>            | <b>\$ 7,229,643</b> | <b>\$ 3,612,253</b>                                       | <b>\$ 809,903</b>                     |

The accompanying notes are an integral part of this schedule.

West Michigan Shoreline Regional Development Commission  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended September 30, 2018

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the Commission under programs of the federal government for the year ended September 30, 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 Commission, it is not intended to and does not present the financial position or change in net position of the Commission.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. 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. The Commission is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Reconciliation of revenues from federal sources per financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per September 30, 2018 financial statements

\$ 7,229,643

Expenditures per single audit report  
Schedule of Expenditures of Federal Awards

\$ 7,229,643

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF FINDINGS AND RESPONSES**  
 Year ended September 30, 2018

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**A. Financial Statements**

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
  - Material weakness(es) identified?   X   yes        no
  - Significant deficiency(ies) identified?   X   yes        none reported
3. Noncompliance material to financial statements noted?        yes   X   no

**B. Federal Awards**

1. Internal control over major federal programs:
  - Material weakness(es) identified?        yes   X   no
  - Significant deficiency(ies) identified?        yes   X   none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        yes   X   no

4. Identification of major programs:

CFDA Number(s)

Name of Federal Program/Cluster

**U.S. Department of Commerce**

**Habitat Conservation**

**11.463**

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee?        yes   X   no

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year ended September 30, 2018

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2018-001: MATERIAL WEAKNESS—Year-End Closing Procedures for GMS Software**

*Criteria:* General ledger balances should be timely reconciled with detailed supporting documentation as of year-end.

*Condition:* The closing process was delayed, and some general ledger balances were not in agreement with detailed supporting documentation as of year-end, resulting in a number of material year-end adjusting journal entries.

*Cause:* The adjustments necessary to have the general ledger balances be in agreement with supporting documentation were not all recorded. The Commission experienced recent staffing turnover within the accounting function during the year, and inexperience with GMS software caused certain adjustments to not be completed properly or timely.

*Effect:* This condition significantly increased the amount of year-end general ledger account analysis and adjusting journal entries by Commission personnel, which caused delays in closing fiscal year financial records and issuing audited financial statements.

*Context:* We tested general ledger balances provided by the Commission and proposed material adjustments to reconcile them with supporting documentation.

*Repeat Finding:* A similar finding was reported during the single audit for the year ended September 30, 2017.

*Recommendation:* The Commission personnel should obtain additional training on using GMS software to ensure that year-end general ledger balances are correct.

*Views of Responsible Officials:* The Commission agrees with the finding.

**Finding 2018-002: MATERIAL WEAKNESS—Receipt Procedures**

*Criteria:* The proper classifications of accounts should be used when posting revenues.

*Condition:* Certain revenues were coded to the incorrect revenue classifications.

*Cause:* The controls in the receipt process at the Commission did not ensure that the receipts were coded within the proper general ledger accounts or identify miscoded receipts after the fact.

*Effect:* Prior to audit adjustments, revenue allocations were materially misstated in the Commission's financial statements.

*Context:* During the audit, we substantively tied out certain revenues on the Commission's financial statements and noted that certain federal, state, and local revenues were incorrectly allocated.

*Repeat Finding:* A similar finding was reported during the single audit for the year ended September 30, 2017.

*Recommendation:* The Commission's procedures for receipts should be reviewed and updated to ensure that items are coded properly. Monitoring procedures should also be improved to identify miscoded receipts.

*Views of Responsible Officials:* The Commission agrees with the finding.

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year ended September 30, 2018

**SECTION II – FINANCIAL STATEMENT FINDINGS—Continued**

**Finding 2018-003: Financial Statement Preparation Controls**

*Criteria:* Organizations should have internal controls over the preparation of formal year-end financial statements.

*Condition:* The Commission has limited internal controls over the preparation of formal year-end financial statements.

*Cause:* The Commission is a small organization with limited resources and personnel.

*Effect:* Formal year-end financial statements could have errors in required disclosures.

*Context:* We assisted the Commission with the drafting of the formal year-end financial statements, and Commission officials reviewed the drafts prior to the release of such financial statements.

*Repeat Finding:* A similar finding was reported during the single audit for the year ended September 30, 2017.

*Recommendation:* The internal controls surrounding the preparation of formal year-end financial statements should be improved.

*Views of Responsible Officials:* The Commission agrees with the finding.

**Finding 2018-004: Budgeting Procedures**

*Criteria:* The Michigan Uniform Budgeting and Accounting Act requires the Commission to amend the original adopted budget “as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined”. The Act also states that “an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body.

*Condition:* During our review of the Commission’s compliance with the Michigan budgeting act (Public Act 2 of 1968), we noted that expenditures exceeded the amounts budgeted for certain activities.

*Cause:* The Commission did not amend its budget in areas where overages occurred.

*Effect:* The Commission is not in compliance with Public Act 2 or 1968, as amended.

*Context:* We noted violations of Public Act 2 of 1968 in the Commission’s financial statements.

*Repeat Finding:* A similar finding was reported during the single audit for the year ended September 30, 2017.

*Recommendation:* The Commission should adopt procedures to ensure the monitoring of expenditures against adopted budgets and amend those budgets as needed.

*Views of Responsible Officials:* The Commission agrees with the finding.

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

There were **no** findings reported in relation to major federal awards during the single audit for the year ended September 30, 2018.

**CLIENT DOCUMENTS**



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

U.S. Department of Commerce, Economic Development Administration  
Washington, D.C.

West Michigan Shoreline Regional Development Commission respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended September 30, 2017 dated March 5, 2018.

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### **Finding 2017-001: MATERIAL WEAKNESS—Year-End Closing Procedures for GMS Software**

*Condition:* The closing process was delayed, and some general ledger balances were not in agreement with detailed supporting documentation as of year-end.

*Recommendation:* The Commission personnel should obtain additional training on using GMS software to ensure that year-end general ledger balances are correct.

*Current Status:* See Finding 2018-001 for a similar finding noted during the single audit for the year ended September, 30, 2018.

#### **Finding 2017-002: MATERIAL WEAKNESS—Receipt Procedures**

*Condition:* Certain revenues were coded to the incorrect revenue classifications.

*Recommendation:* The Commission's procedures for receipts should be reviewed and updated to ensure that items are coded properly. Monitoring procedures should also be improved to identify miscoded receipts.

*Current Status:* See Finding 2018-002 for a similar finding noted during the single audit for the year ended September, 30, 2018.

#### **Finding 2017-003: Financial Statement Preparation Controls**

*Condition:* The Commission has limited internal controls over the preparation of formal year-end financial statements.

*Recommendation:* The internal controls surrounding the preparation of formal year-end financial statements should be improved.

*Current Status:* See Finding 2018-003 for a similar finding noted during the single audit for the year ended September, 30, 2018.

**SECTION II – FINANCIAL STATEMENT FINDINGS—Continued**

**Finding 2017-004: Budgeting Procedures**

*Condition:* During our review of the Commission’s compliance with Michigan budgeting act (Public Act 2 of 1968), we noted that expenditures exceeded the amounts budgeted for certain activities.

*Recommendation:* The Commission should adopt procedures to ensure the monitoring of expenditures against adopted budgets and amend those budgets as needed.

*Current Status:* See Finding 2018-004 for a similar finding noted during the single audit for the year ended September, 30, 2018.

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

There were *no* findings reported in relation to major federal award programs during the single audit for the year ended September 30, 2017.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin Kuhn". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Erin Kuhn  
Executive Director  
March 13, 2019



## CORRECTIVE ACTION PLAN

U.S. Department of Commerce, Economic Development Administration  
Washington, D.C.

West Michigan Shoreline Regional Development Commission respectfully submits the following Corrective Action Plan for the year ended September 30, 2018.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.  
P.O. Box 999  
Muskegon, Michigan 49443

Audit period: September 30, 2018

The findings from the Schedule of Findings and Responses for the year ended September 30, 2018 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### **Finding 2018-001: MATERIAL WEAKNESS—Year-End Closing Procedures for GMS Software**

*Recommendation:* The Commission personnel should obtain additional training on using GMS software to ensure that year-end general ledger balances are correct.

*Action Taken:* The Commission is in the process of replacing its Finance Manager. The new Finance Manager will receive proper and adequate training from the software provider to improve the closing process and reduce the potential for misstatements.

*Responsible Person and Anticipated Completion Date:* Finance Manager, September 2019

#### **Finding 2018-002: MATERIAL WEAKNESS—Receipt Procedures**

*Recommendation:* The Commission's procedures for receipts should be reviewed and updated to ensure that items are coded properly. Monitoring procedures should also be improved to identify miscoded receipts.

*Action Taken:* The Commission is in the process of replacing its Finance Manager. In this transition, the Commission will review and update its procedures for receipts to ensure the proper coding of items and establish monitoring procedures to identify miscoded receipts.

*Responsible Person and Anticipated Completion Date:* Finance Manager, September 2019

## SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

### **Finding 2018-003: Financial Statement Preparation Controls**

*Recommendation:* The internal controls surrounding the preparation of formal year-end financial statements should be improved.

*Action Taken:* The Commission is in the process of replacing its Finance Manager. With a new Finance Manager, the Commission will implement internal controls for the preparation of future formal year-end financial statements.

*Responsible Person and Anticipated Completion Date:* Executive Director and Finance Manager, September 2019.

### **Finding 2018-004: Budgeting Procedures**

*Recommendation:* The Commission should adopt procedures to ensure the monitoring of expenditures against adopted budgets and amend those budgets as needed.

*Action Taken:* The Commission is in the process of replacing its Finance Manager. With the new Finance Manager, the Commission will continually monitor the budget throughout the year and conduct a mid-year and/or year-end budget amendment. The Commission will consider additional budget amendments to prevent future budget violations.

*Responsible Person and Anticipated Completion Date:* Executive Director and Finance Manager, September 2019.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* findings reported in relation to major federal award programs during the single audit for the year ended September 30, 2018.

If the U.S. Department of Commerce, Economic Development Administration has questions regarding this plan, please call Erin Kuhn at (231) 722-7878.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin Kuhn". The signature is fluid and cursive, with a large initial "E" and "K".

Erin Kuhn  
Executive Director  
March 13, 2019