

West Michigan Shoreline Regional  
Development Commission

**SINGLE AUDIT OF FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and  
Independent Auditor's Reports

September 30, 2019



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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, 2019, 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 January 22, 2020.

**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.

*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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners  
West Michigan Shoreline Regional Development Commission  
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**Compliance and 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*.

**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  
January 22, 2020

**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, 2019. 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, 2019.

**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, 2019, 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 January 22, 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 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  
January 22, 2020

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended September 30, 2019

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue October 1, 2018	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue September 30, 2019	Passed through to subrecipients
						Prior year(s)	Current 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 Zone Reforestation (18-DG-11420004-033)		\$ 200,000	\$ 3,317	\$ -	\$ 135,429	\$ 9,424	\$ 148,903	\$ 16,791	\$ -
Cooperative Forestry Assistance	10.664								
Passed through Michigan River Watershed Assembly									
Great Lakes Restoration Initiative (USDA-FS-2016-GLRI)		95,943	29,588	-	48,369	77,162	18,781	-	-
Passed through Delta Institute									
Oceana County Tree Planting to Reduce Stormwater Runoff / Build Capacity for Forestry Stewardship (19-DG-11420000-018)		99,994	-	-	873	-	873	-	-
Total U.S. Department of Agriculture		395,937	32,905	-	184,671	86,586	168,557	16,791	-
<b>U.S. Department of Commerce</b>									
Economic Development Administration									
Direct programs									
Economic Development Support for Planning Organizations (ED17CHI3020006)	11.302	210,000	70,707	-	105,967	131,942	43,756	8,496	-
National Oceanic and Atmospheric Administration									
Habitat Conservation									
Direct programs									
Integrating Science and Restoration in Muskegon Lake Habitat Focus Area (NA17NMF4630297)		50,000	2,165	-	30,130	21,700	27,944	(21)	13,537
Passed through the Great Lakes Commission									
Muskegon Lake Area of Concern Habitat Restoration Project (NA13NMF4630217)		14,957,440	3,314,579	-	3,337,169	14,561,722	127,011	104,421	-
Muskegon Lake Area of Concern Habitat Restoration Project (NA16NMF4630341)		7,685,000	22,448	-	329,762	61,293	437,639	130,325	32,233
Total passed through the Great Lakes Commission		22,642,440	3,337,027	-	3,666,931	14,623,015	564,650	234,746	32,233
Total National Oceanic and Atmospheric Administration		22,692,440	3,339,192	-	3,697,061	14,644,715	592,594	234,725	45,770
Total U.S. Department of Commerce		22,902,440	3,409,899	-	3,803,028	14,776,657	636,350	243,221	45,770
<b>U.S. Department of Transportation</b>									
Federal Highway Administration									
Highway Planning and Construction									
Passed through the Michigan Department of Transportation	20.205								
FY 2018 Unified Work Program (2018-0012/Z1)		461,950	69,401	-	69,401	282,632	-	-	-
FY 2018 Muskegon Clean Air Action Program (2018-0012/Z2)		93,178	13,763	-	13,763	93,178	-	-	-
FY 2019 Muskegon Clean Air Program (2018-0012/Z4)		93,178	-	-	59,947	-	93,178	33,231	-
FY 2019 Unfiled Work Program (2018-0012/Z3)		347,756	-	-	316,229	-	337,520	21,291	-
Total U.S. Department of Transportation		996,062	83,164	-	459,340	375,810	430,698	54,522	-



West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
For the year ended September 30, 2019

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue October 1, 2018	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue September 30, 2019	Passed through to subrecipients
						Prior year(s)	Current 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	\$ 14,655	\$ -	\$ 348,370	\$ 212,994	\$ 360,377	\$ 26,662	\$ -
Muskegon Lake Urban Runoff Green Infrastructure Project (00E02228)		499,999	24,135	-	67,536	58,563	47,191	3,790	-
Total Direct Programs		1,099,999	38,790	-	415,906	271,557	407,568	30,452	-
Passed through The Delta Institute									
Reducing Sediment and Nutrients in Bear Creek and Bear Lake (EPA-R5-GL2014-2)		307,898	8,670	-	252,225	59,250	243,555	-	-
Passed through Michigan Department of Environmental Quality									
Muskegon Lake BUI Removal, AOC Transition Planning and Public Involvement (16-AOC-006)		21,587	1,835	-	1,835	21,587	-	-	-
Muskegon Lake AOC BUI Removal and Public Education Project (17-AOC-009)		29,671	14,941	-	14,941	21,438	-	-	-
Total passed through Michigan Department of Environmental Quality		51,258	16,776	-	16,776	43,025	-	-	-
Passed through Michigan Department of Natural Resources									
Muskegon Lake AOC BUI Removal Assessment and Transition Planning Project (18-AOC-009)		30,000	244	-	12,562	423	12,318	-	-
Total U.S. Environmental Protection Agency		1,489,155	64,480	-	697,469	374,255	663,441	30,452	-
<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-0003)		1,295,669	507	-	507	1,268,953	-	-	-
FY 2016 Homeland Security Grant Program (EMW-2016-SS-00010-S01)		1,296,548	21,222	-	485,680	831,965	464,458	-	311,552
FY 2017 Homeland Security Grant Program (EMW-2017-SS-00013)		1,293,237	76	-	365,418	1,712	365,342	-	239,810
Total U.S. Department of Homeland Security		3,885,454	21,805	-	851,605	2,102,630	829,800	-	551,362
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 29,669,048</b>	<b>\$ 3,612,253</b>	<b>\$ -</b>	<b>\$ 5,996,113</b>	<b>\$ 17,715,938</b>	<b>\$ 2,728,846</b>	<b>\$ 344,986</b>	<b>\$ 597,132</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, 2019

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, 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 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, 2019 financial statements

\$ 2,728,846

Expenditures per single audit report  
Schedule of Expenditures of Federal Awards

\$ 2,728,846

West Michigan Shoreline Regional Development Commission  
**SCHEDULE OF FINDINGS AND RESPONSES**  
 Year ended September 30, 2019

**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? \_\_\_\_\_ yes      X   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
<b>11.463</b>	<b>U.S. Department of Commerce Habitat Conservation</b>
<b>97.067</b>	<b>U.S. Department of Homeland Security Homeland Security Grant Program</b>

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

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

NONE

**CLIENT DOCUMENTS**



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

January 22, 2020

U.S. Department of Interior  
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, 2018 dated March 13, 2019.

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### **Finding 2018-001: 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, resulting in a number of material year-end adjusting journal entries.

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

*Current Status:* The recommendation was implemented during the year ended September 30, 2019. No similar finding was reported during the audit for the year ended September 30, 2019.

#### **Finding 2018-002: 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:* The recommendation was implemented during the year ended September 30, 2019. No similar finding was reported during the audit for the year ended September 30, 2019.



## SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

### **Finding 2018-003: 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:* The recommendation was implemented during the year ended September 30, 2019. No similar finding was reported during the audit for the year ended September 30, 2019.

### **Finding 2018-004: 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.

*Current Status:* The recommendation was implemented during the year ended September 30, 2019. No similar finding was reported during the audit for the year ended September 30, 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin Kuhn", is written over a light blue horizontal line.

Erin Kuhn  
Executive Director



## CORRECTIVE ACTION PLAN

January 22, 2020

U.S. Department of Interior  
Washington, D.C.

West Michigan Shoreline Regional Development Commission respectfully submits the following Corrective Action Plan for the year ended September 30, 2019.

Name and address of independent public accounting firm:

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

Audit period: September 30, 2019

The findings from the Schedule of Findings and Responses for the year ended September 30, 2019 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

### SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings in relation to the financial statement audit.

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

There were *no* findings in relation to the major federal award programs.

If the U.S. Department of Interior 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", is written over a light blue horizontal line.

Erin Kuhn  
Executive Director

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