

West Michigan Shoreline Regional Development Commission

**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

Financial Report and
Independent Auditor's Reports

September 30, 2020



CONTENTS

FINANCIAL REPORT AND INDEPENDENT AUDITOR'S REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

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 <i>GOVERNMENT AUDITING STANDARDS</i>	3
---	---

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.....	5
---	---

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	8
---	---

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	10
--	----

SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	11
--	----

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	13
--	----

CORRECTIVE ACTION PLAN	14
------------------------------	----

**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, 2020, 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 20, 2021.

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
Page 2

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 20, 2021

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, 2020. 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 Questioned Costs.

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
Page 2

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, 2020.

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
Page 3

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, 2020, 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 20, 2021, 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 20, 2021

West Michigan Shoreline Regional Development Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue October 1, 2019	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue September 30, 2020	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Agriculture</i>									
Forest Service									
Urban and Community Forestry Program	10.675								
Direct Programs									
Great Lakes Restoration Initiative: Lake Michigan Coastal Zone Reforestation (18-DG-11420004-033)		\$ 200,000	\$ 16,791	\$ -	\$ 52,100	\$ 158,327	\$ 36,597	\$ 1,288	\$ -
Cooperative Forestry Assistance	10.664								
Passed through Delta Institute									
Oceana County Tree Planting to Reduce Stormwater Runoff/ Build Capacity for Forestry Stewardship (19-DG-11420000-018)		99,994	-	-	9,127	873	9,127	-	-
Passed through Muskegon River Watershed Assembly									
The Muskegon River Riparian Tree Planting (19-IA-11090100-022)		98,846	-	-	935	-	4,594	3,659	-
Total Cooperative Forestry Assistance		198,840	-	-	10,062	873	13,721	3,659	-
Total U.S. Department of Agriculture		398,840	16,791	-	62,162	159,200	50,318	4,947	-
<i>U.S. Department of Commerce</i>									
Economic Development Administration									
Economic Development Support for Planning Organizations	11.302								
Direct Programs									
Economic Development District Planning (ED17CHI3020006)		210,000	8,496	-	17,092	175,698	8,596	-	-
Economic Development District Partnership Planning (ED20CHI3020005)		210,000	-	-	76,385	-	76,385	-	-
Total Economic Development Support for Planning Organizations		420,000	8,496	-	93,477	175,698	84,981	-	-
Economic Adjustment Assistance	11.307								
Direct Programs									
CARES Act Non-Competitive EDD Planning Grant - COVID 19 (ED20CHI3070071)		400,000	-	-	-	-	27,116	27,116	-
National Oceanic and Atmospheric Administration									
Habitat Conservation	11.463								
Direct Programs									
Integrating Science and Restoration in Muskegon Lake Habitat Focus Area (NA17NMF4630297)		50,000	(21)	-	335	49,644	356	-	-
Lake Michigan Coastal Rivers and Wetlands Project (NA20NMF4630311)		187,207	-	-	-	-	2,217	2,217	-
Total Direct Programs		237,207	(21)	-	335	49,644	2,573	2,217	-

West Michigan Shoreline Regional Development Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CONTINUED
For the year ended September 30, 2020

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue October 1, 2019	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue September 30, 2020	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Commerce—Continued</i>									
National Oceanic and Atmospheric Administration—Continued									
Habitat Conservation—Continued	11.463								
Passed through Great Lakes Commission									
Muskegon Lake Area of Concern Habitat Restoration Project (NA13NMF4630217)		\$ 14,957,440	\$ 104,421	\$ -	\$ 104,421	\$ 14,688,733	\$ -	\$ -	\$ -
Muskegon Lake Area of Concern Habitat Restoration Project (NA16NMF4630341)		10,193,200	130,325	-	1,332,854	489,932	2,310,377	1,107,848	43,403
Total passed through Great Lakes Commission		25,150,640	234,746	-	1,437,275	15,178,665	2,310,377	1,107,848	43,403
Total National Oceanic and Atmospheric Administration		25,387,847	234,725	-	1,437,610	15,228,309	2,312,950	1,110,065	43,403
Total U.S. Department of Commerce		26,207,847	243,221	-	1,531,087	15,404,007	2,425,047	1,137,181	43,403
<i>U.S. Department of Transportation</i>									
Federal Highway Administration									
Highway Planning and Construction	20.205								
Passed through Michigan Department of Transportation									
FY 2019 Muskegon Clean Air Program (2018-0012/Z4)		93,178	33,231	-	33,231	93,178	-	-	-
FY 2019 Unified Work Program (2018-0012/Z3)		349,756	21,291	-	21,291	337,520	-	-	-
FY 2020 Muskegon Clean Air Program (2018-0012/Z6)		100,000	-	-	80,021	-	100,000	19,979	-
FY 2020 Unified Work Program (2018-0012/Z5)		361,310	-	-	257,223	-	337,254	80,031	-
Total Highway Planning and Construction		904,244	54,522	-	391,766	430,698	437,254	100,010	-
<i>U.S. Environmental Protection Agency</i>									
Office of Water									
Great Lakes Program	66.469								
Direct Programs									
Early Detection and Rapid Response Treatment of the Hemlock Woolly Adelgid (00E02215)		600,000	26,662	-	53,271	573,371	26,609	-	-
Muskegon Lake Urban Runoff Green Infrastructure Project (00E02228)		499,999	3,790	-	69,372	105,754	66,338	756	-
Total Direct Programs		1,099,999	30,452	-	122,643	679,125	92,947	756	-
Passed through Michigan Department of Environment, Great Lakes and Energy, Water Resources Division									
Muskegon Lake AOC BUI Removal, Assessment, Public Education and Involvement (GL00E02481)		74,970	-	-	965	-	17,495	16,530	5,724
Total U.S. Environmental Protection Agency		1,174,969	30,452	-	123,608	679,125	110,442	17,286	5,724
TOTAL FEDERAL ASSISTANCE		\$ 28,685,900	\$ 344,986	\$ -	\$ 2,108,623	\$ 16,673,030	\$ 3,023,061	\$ 1,259,424	\$ 49,127

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, 2020

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, 2020. 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, 2020 financial statements

\$ 3,023,061

Expenditures per single audit report
Schedule of Expenditures of Federal Awards

\$ 3,023,061

West Michigan Shoreline Regional Development Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended September 30, 2020

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>
11.463	U.S. Department of Commerce Habitat Conservation

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 20, 2021

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

West Michigan Shoreline Regional Development Commission respectfully advises you that there were *no* audit findings reported in our single audit report, dated January 22, 2020, for the year ended September 30, 2019.

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



CORRECTIVE ACTION PLAN

January 20, 2021

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, 2020.

Name and address of independent public accounting firm:

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

Audit period: September 30, 2020

The findings from the Schedule of Findings and Questioned Costs for the year ended September 30, 2020 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 that reads "Erin Kuhn". The signature is written in a cursive style with a long horizontal stroke at the end.

Erin Kuhn
Executive Director