

Berrien County Road Commission

**Federal Awards
Supplemental Information
September 30, 2003**

Berrien County Road Commission

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Independent Auditor's Report

To the Board of County Road Commissioners
Berrien County Road Commission

We have audited the basic financial statements of Berrien County Road Commission for the year ended September 30, 2003 and have issued our report thereon dated December 8, 2003. Those basic financial statements are the responsibility of the management of Berrien County Road Commission. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Berrien County Road Commission taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 8, 2003

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Report Letter on Compliance with Laws and Regulations and Internal Control - Basic Financial Statements

To the Board of County Road Commissioners
Berrien County Road Commission

We have audited the financial statements of Berrien County Road Commission as of and for the year ended September 30, 2003 and have issued our report thereon dated December 8, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Berrien County Road Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berrien County Road Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of County Road Commissioners
Berrien County Road Commission

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 8, 2003



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Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards

To the Board of County Road Commissioners
Berrien County Road Commission

Compliance

We have audited the compliance of Berrien County Road Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to (each of) its major federal program(s) for the year ended September 30, 2003. The major federal programs of Berrien County Road Commission are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Berrien County Road Commission's management. Our responsibility is to express an opinion on Berrien County Road Commission's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Berrien County Road 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. Our audit does not provide a legal determination on Berrien County Road Commission's compliance with those requirements.

In our opinion, Berrien County Road Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

To the Board of County Road Commissioners
Berrien County Road Commission

Internal Control Over Compliance

The management of Berrien County Road Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Berrien County Road Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 8, 2003

Berrien County Road Commission

Schedule of Expenditures of Federal Awards Year Ended September 30, 2003

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Transportation	20.205	DD0007	\$ 107,121	\$ (1,022)
Highway research, planning and construction administered by Michigan Department of Transportation		DD0019	230,000	137,378
		GG0020	437,390	1,237
		HH2162	324,320	426
		HH2427	244,973	(262)
		HH2446	239,018	(277)
		HH2570	3,139,905	800
		HH2749	225,678	(6,088)
		HH2846	589,021	488
		HH3219	2,587,246	1,323,757
		HH3184	370,826	360,672
		HH3426	677,927	290,191
		HH3441	319,645	237,913
		HH3564	205,564	180,188
		RR2055	1,045,081	2,310
		RR2192	247,296	49
		RR2194	140,955	(711)
		RR2274	93,015	(471)
		RR2404	161,645	(1,377)
		RR2543	333,388	1,941
		RR2753	288,579	(746)
		RR2953	1,590,000	1,271,258
		RR3007	669,860	107,872
		RR3074	604,437	449,212
		RR3079	639,081	71,785
		RR3080	393,847	(58,784)
		RR3092	277,727	231,530
		RR3528	415,515	403,406
		RR3540	170,000	69
		386000191	175,469	144,998
Total U.S. Department of Transportation			<u>\$16,944,529</u>	<u>\$ 5,147,742</u>

Berrien County Road Commission

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2003

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Berrien County Road Commission and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Revenue from federal/state sources - As reported on financial statements (includes all funds)	\$ 4,013,660
Less state sources	1,008,920
Add required matching funds	<u>2,143,002</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 5,147,742</u>

Berrien County Road Commission

Schedule of Findings and Questioned Costs Year Ended September 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued; Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway research, planning and construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk auditee? Yes No

Berrien County Road Commission

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2003

Section II - Financial Statement Audit Findings

Reference Number	Findings
	None

Berrien County Road Commission

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2003

Section III - Federal Program Audit Findings

Reference Number	Findings
None	