
Berrien Regional Education Service Agency

**Federal Awards
Supplemental Information
June 30, 2020**

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

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* 2-3

Report on Compliance for Each Major Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance 4-5

Schedule of Expenditures of Federal Awards 6-7

Notes to Schedule of Expenditures of Federal Awards 8-10

Schedule of Findings and Questioned Costs 11-12

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Berrien Regional Education Service Agency

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berrien Regional Education Service Agency (the "Agency") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements. We issued our report thereon dated October 29, 2020, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 29, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 29, 2020

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*

Independent Auditor's Report

To Management and the Board of Education
Berrien Regional Education Service Agency

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berrien Regional Education Service Agency (the "Agency") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as Finding 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. 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*.

The Agency's Response to the Finding

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Education
Berrien Regional Education Service Agency

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 29, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Berrien Regional Education Service Agency

Report on Compliance for Each Major Federal Program

We have audited Berrien Regional Education Service Agency's (the "Agency") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Agency's major federal program for the year ended June 30, 2020. The Agency's major federal program is 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

To the Board of Education
Berrien Regional Education Service Agency

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.

Plante & Moran, PLLC

October 29, 2020

Berrien Regional Education Service Agency

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Program Title/Project Number/Subrecipient Name	CFDA Number	Project/Program Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2020	Total Amount Provided to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash assistance (commodities) - National School Lunch Program - Entitlement - 2019 - 2020										
	10.555	N/A	\$ 14,454	\$ -	\$ -	\$ -	\$ 14,454	\$ 14,454	\$ -	\$ -
Cash assistance:										
National School Lunch Program:										
COVID-19 Unanticipated School Closure										
Summer Food School Program - 2019-20	10.555	200902	88,382	-	-	-	40,862	88,382	47,520	-
2019-20	10.555	201960	53,425	-	-	-	53,425	53,425	-	-
2018-19	10.555	191960	83,126	69,834	4,205	-	17,497	13,292	-	-
Total National School Lunch Program (including commodities)	10.555		239,387	69,834	4,205	-	126,238	169,553	47,520	-
National School Breakfast Program:										
2019-20	10.553	201970	30,343	-	-	-	30,343	30,343	-	-
2018-19	10.553	191970	48,524	40,295	2,437	-	10,666	8,229	-	-
Total National School Breakfast Program	10.553		78,867	40,295	2,437	-	41,009	38,572	-	-
Total Child Nutrition Cluster			318,254	110,129	6,642	-	167,247	208,125	47,520	-
Special Education Cluster - U.S. Department of Education: Passed through the Michigan Department of Education - Special Education Flowthrough:										
Project number 200450 1920	84.027	200450 1920	6,657,699	-	-	(4,119)	4,072,912	6,252,314	2,175,283	1,882,761
Project number 190450 1819	84.027	190450 1819	6,759,693	6,755,544	3,228,591	4,149	3,232,740	-	-	-
Project number 200493 1920	84.027	200493 1920	118,800	-	-	-	118,800	118,800	-	-
Project number 190493 1819	84.027	190493 1819	118,800	-	118,800	-	118,800	-	-	-
Total Special Education Flowthrough	84.027		13,654,992	6,755,544	3,347,391	30	7,543,252	6,371,114	2,175,283	1,882,761
Preschool Incentive:										
Project number 200460 1920	84.173	200460 1920	212,200	-	-	-	94,066	176,830	82,764	182,950
Project number 190460 1819	84.173	190460 1819	208,409	203,179	83,972	-	89,202	5,230	-	-
Total Preschool Incentive	84.173		420,609	203,179	83,972	-	183,268	182,060	82,764	182,950
Total Special Education Cluster			14,075,601	6,958,723	3,431,363	30	7,726,520	6,553,174	2,258,047	2,065,711
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Michigan Department of Community Health:										
Medicaid Outreach - 2019-2020	93.778	N/A	102,351	-	-	-	102,351	102,351	-	129,942
Medicaid Outreach - 2018-2019	93.778	N/A	97,398	97,398	71,352	-	71,352	-	-	-
Total Medicaid Outreach	93.778		199,749	97,398	71,352	-	173,703	102,351	-	129,942
Total Clusters			14,593,604	7,166,250	3,509,357	30	8,067,470	6,863,650	2,305,567	2,195,653

Berrien Regional Education Service Agency

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Program Title/Project Number/Subrecipient Name	CFDA Number	Project/Program Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2020	Total Amount Provided to Subrecipients
Other federal awards:										
U.S. Department of Education:										
Passed through the Michigan Department of Education:										
Title I Regional Assistance Grant:										
Project number 201570/1920	84.010	201570/1920	\$ 759,604	\$ -	\$ -	\$ -	\$ 473,643	\$ 473,643	\$ -	\$ 414,866
Project number 191570/1819	84.010	191570/1819	<u>801,665</u>	<u>512,097</u>	<u>518,578</u>	<u>1,981</u>	<u>564,560</u>	<u>44,001</u>	<u>-</u>	<u>-</u>
Total Title I, Regional Assistance Grant	84.010		1,561,269	512,097	518,578	1,981	1,038,203	517,644	-	414,866
Title I, Part D:										
Project number 201700 1920	84.013	201700 1920	126,868	-	-	-	41,017	62,610	21,593	-
Project number 191700 1819	84.013	191700 1819	<u>86,017</u>	<u>86,017</u>	<u>86,017</u>	<u>-</u>	<u>86,017</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Title 1, Part D	84.013		212,885	86,017	86,017	-	127,034	62,610	21,593	-
Early Intervention Services (IDEA):										
Project number 201340 1920	84.181	201340 1920	179,519	-	-	-	71,444	167,362	95,918	-
Project number 191340 1819	84.181	191340 1819	<u>183,044</u>	<u>164,148</u>	<u>164,148</u>	<u>-</u>	<u>183,044</u>	<u>18,896</u>	<u>-</u>	<u>-</u>
Total Early Intervention Services (IDEA)	84.181		362,563	164,148	164,148	-	254,488	186,258	95,918	-
Homeless Students Assistance Grants:										
Project number 202320 1920	84.196	202320 1920	64,000	-	-	-	64,000	64,000	-	-
Project number 192320 1819	84.196	192320 1819	<u>121,572</u>	<u>94,579</u>	<u>94,579</u>	<u>-</u>	<u>99,140</u>	<u>4,561</u>	<u>-</u>	<u>-</u>
Total Homeless Students Assistance Grants	84.196		185,572	94,579	94,579	-	163,140	68,561	-	-
Technical Education (Perkins III):										
Project number 203520/201219	84.048	203520/201219	639,391	-	-	(2)	515,179	639,343	124,162	478,998
Project number 193520/191219	84.048	193520/191219	<u>704,998</u>	<u>704,326</u>	<u>163,481</u>	<u>2</u>	<u>163,483</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Technical Education (Perkins III)	84.048		<u>1,344,389</u>	<u>704,326</u>	<u>163,481</u>	<u>-</u>	<u>678,662</u>	<u>639,343</u>	<u>124,162</u>	<u>478,998</u>
Total noncluster programs passed through Michigan Department of Education			<u>3,666,678</u>	<u>1,561,167</u>	<u>1,026,803</u>	<u>1,981</u>	<u>2,261,527</u>	<u>1,474,416</u>	<u>241,673</u>	<u>893,864</u>
Total federal financial awards			<u>\$ 18,260,282</u>	<u>\$ 8,727,417</u>	<u>\$ 4,536,160</u>	<u>\$ 2,011</u>	<u>\$ 10,328,997</u>	<u>\$ 8,338,066</u>	<u>\$ 2,547,240</u>	<u>\$ 3,089,517</u>

Berrien Regional Education Service Agency

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Berrien Regional Education Service Agency (the "Agency") under programs of the federal government for the year ended June 30, 2020. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Agency.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The Agency has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance. Noncash assistance received by the grantee during the year ended June 30, 2020 is included in the schedule of expenditures of federal awards.

Note 5 - Adjustments and Transfers

During the year ended June 30, 2020, there were net adjustments of \$30 in the Special Education Flowthrough Grant (CFDA #84.027) and \$1,981 in the Title I, Regional Assistance Grant (CFDA #84.010), reflecting adjustments made during the year for additional cash payments received that were not recorded in the prior year. There were also the following transfers identified:

Transferred From	Amount	Transferred To
Special Education Flowthrough (CFDA #84.027) Project #200450/1920	\$ 4,119	Special Education Flowthrough (CFDA #84.027) Project #190450/1819
Technical Education (CFDA #84.048) Project number 203520/201219	2	Technical Education (CFDA #84.048) Project number 193520/191219
Total	\$ 4,121	

Berrien Regional Education Service Agency

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 6 - Federal Awards Provided to Subrecipients

The expenditures related to federal awards provided to subrecipients for the year ended June 30, 2020 are as follows:

Program Title/Project Number/Subrecipient Name	CFDA Number	Current Year Cash Transferred to Subrecipient
Perkins - Project number 203520/201219 - Passed through to:		
Benton Harbor Public Schools	84.048	\$ 18,783
Berrien Springs Public Schools		16,156
Brandywine Public Schools		15,978
Bridgman Public Schools		6,885
Buchanan Public Schools		16,515
Coloma Public Schools		28,304
Countryside Academy		4,705
Lakeshore Public Schools		42,966
Niles Public Schools		44,839
St. Joseph Public Schools		35,898
Lewis Cass ISD		101,442
Van Buren ISD		146,527
Total Perkins - Project number 203520/201219		478,998
Medicaid Outreach - 2019-2020 - Passed through to:		
Benton Harbor Public Schools	93.778	9,191
Benton Harbor Charter Schools		2,515
Berrien Springs Public Schools		19,536
Brandywine Public Schools		6,981
Bridgman Public Schools		4,647
Buchanan Public Schools		8,135
Coloma Public Schools		6,779
Countryside Academy		3,964
Eau Claire Public Schools		3,969
Lakeshore Public Schools		14,470
New Buffalo Public Schools		2,996
Niles Public Schools		18,522
River School		419
River Valley		2,903
Riverside Public Schools		388
St. Joseph Public Schools		15,660
Watervliet Public Schools		7,676
M.C. Wells		1,191
Total Medicaid Outreach - 2019-2020		129,942
Special Education - IDEA Flowthrough - Project number 200450-1920 - Passed through to:		
Berrien Springs Public Schools	84.027	222,320
Lakeshore Public Schools		570,748
Niles Public Schools		1,089,693
Total Special Education - IDEA Flowthrough - Project number 200450-1920		1,882,761

Berrien Regional Education Service Agency

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 6 - Federal Awards Provided to Subrecipients (Continued)

<u>Program Title/Project Number/Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipient</u>
Special Education - Preschool Incentive - Project number 200460-1920 - Passed through to:		
Coloma Public Schools	84.173	\$ 83,656
Niles Public Schools		<u>99,294</u>
Total Special Education - Preschool Incentive - Project number 200460-1920		182,950
Title I Regional Assistance Grant - Project number 201570/1920 - Passed through to Benton Harbor Public Schools		<u>414,866</u>
Total		<u>\$ 3,089,517</u>

Berrien Regional Education Service Agency

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Berrien Regional Education Service Agency

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section II - Financial Statement Audit Findings

Reference Number	Finding
2020-001	<p>Finding Type - Material weakness</p> <p>Criteria - The Agency's internal control structure should ensure that financial information is complete, accurate, and made available to management and those charged with governance in a timely and orderly manner.</p> <p>Condition - Several account balances in the Agency's books and records for the 2020 fiscal year were not reconciled properly and closed prior to commencement of the audit and, thus, were identified by either the Agency or as part of the audit process to be improperly recorded. Several adjustments and reclassifications to the Agency's general ledger were discussed with management during our audit process and recorded by management as a result. Additionally, there were several modifications made to the schedule of expenditures of federal awards during the audit process as a result of the aforementioned adjustments to financial statement account balances.</p> <p>Context - Adjustments and reclassifications that were identified during the audit, either by management or as a result of audit procedures, impacted expenditures, revenue, assets, and liabilities within the Agency's governmental funds. These adjustments and reclassifications were corrected by management and are reflected in the Agency's June 30, 2020 governmental funds financial statements. There were also modifications made to the schedule of expenditures of federal awards as a result of the financial statements adjustments.</p> <p>Cause - The Agency did not have controls and processes in place to analyze, adjust, and independently review account balances prior to commencement of the audit.</p> <p>Effect - Account balances were not completely reconciled and adjusted prior to the commencement of the audit. The net effect of all adjustments was to increase net position by approximately \$1,646,000.</p> <p>Recommendation - We recommend that the Agency continue to review and revise its year-end closing accounting procedures and controls to make certain that all account balances and the schedule of expenditures of federal awards are completely and accurately reconciled and reviewed throughout the year and prior to the commencement of the annual audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Berrien Regional Education Service Agency agrees with the above recommendation. The Agency agrees that all adjustments, schedules, and account balance reconciliations should be completed throughout the year before the year-end audit process. The Agency continues to use its resources to adequately review and revise year-end closing procedures to make certain all account balance reconciliations are completed accurately before the annual audit.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	