

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
BERRIEN COUNTY, MICHIGAN**

FINANCIAL ANNUAL REPORT

For the year ended September 30, 2022

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
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For the year ended September 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

May 24, 2023

Board of Commissioners of Berrien County
Berrien County Public Transportation
MDOT - Small Bus Program Fund
Berrien County, Michigan

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan ("BCPT") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Berrien County Public Transportation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note A, the financial statements present only the Berrien County Public Transportation, MDOT - Small Bus Program Fund and do not purport to, and do not, present fairly the financial position of the County of Berrien, Michigan, as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-9 and the budgetary comparison schedule on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Berrien County Public Transportation's basic financial statements. The accompanying supplementary information, Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Michigan Office of Passenger Transportation Schedules 2, 4R, 4E, 5 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or 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 Michigan Office of Passenger Transportation Schedules 2, 4R, 4E, 5 and 6 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule 4N contains nonfinancial transportation-related information that has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on the nonfinancial data.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023, on our consideration of Berrien County Public Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering Berrien County Public Transportation's internal control over financial reporting and compliance.

Hungerford Nichols

Certified Public Accountants
St. Joseph, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Management's Discussion and Analysis
September 30, 2022**

Berrien County Public Transportation, MDOT - Small Bus Program Fund ("BCPT") is a special revenue governmental fund of the County of Berrien, Michigan, and is a public transportation system. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be a discussion and analysis of the financial results for the fiscal year ending September 30, 2022. BCPT's basic financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance. The basic financial statements also include notes that explain the information recorded in the basic financial statements.

Financial Highlights

- BCPT's total expenses were \$807,823 while total revenues were \$759,312. BCPT's total revenues were sufficient to cover expenses for the year.
- BCPT's total fund balance at September 30, 2022 was \$491,870.
- BCPT earned \$294,366 in State operating assistance. This represents 39% of total revenues for the BCPT.
- BCPT earned \$309,778 in Federal operating assistance. Federal assistance represents 41% of total revenues for the BCPT.

Condensed Financial Information

The following condensed financial information provides an overview of BCPT's financial position for the fiscal years ending September 30, 2022 and 2021:

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Assets		
Current assets	\$ 547,057	\$ 588,994
Total Assets	<u>\$ 547,057</u>	<u>\$ 588,994</u>
Liabilities and Fund Balance		
Liabilities		
Current liabilities	\$ 55,187	\$ 134,259
Total Liabilities	<u>55,187</u>	<u>134,259</u>
Fund Balance		
Nonspendable	6,526	6,526
Restricted	485,344	448,209
Total Fund Balance	<u>491,870</u>	<u>454,735</u>
Total Liabilities and Fund Balance	<u>\$ 547,057</u>	<u>\$ 588,994</u>

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Management's Discussion and Analysis
September 30, 2022**

Changes in Fund Balance

The 2022 fiscal year represents BCPT's thirty-third year in running the County transit program. The table below summarizes BCPT's operations for the current and prior fiscal years.

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Revenues		
Federal grant - Section 5311	\$ 309,778	\$ 205,525
Federal grant - CARES Flex	-	95,729
State operating grant - Act 51	294,366	228,357
Federal RTAP grant	14,073	1,211
Farebox revenue	16,620	21,376
Local contracts	114,924	288,327
Interest earned	111	18
Miscellaneous revenue - reimbursements	<u>9,440</u>	<u>12,969</u>
Total Revenues	759,312	853,512
Expenditures		
Public transportation - operating costs	<u>807,823</u>	<u>631,840</u>
Change in Fund Balance	<u>\$ (48,511)</u>	<u>\$ 221,672</u>
Fund Balance, Beginning of Year, as Previously Reported	\$ 454,735	\$ 233,063
Prior Period Adjustments	<u>85,646</u>	<u>-</u>
Fund Balance, Beginning of the Year, as Restated	<u>540,381</u>	<u>-</u>
Change in Fund Balance	<u>(48,511)</u>	<u>221,672</u>
Fund Balance, End of Year	<u>\$ 491,870</u>	<u>\$ 454,735</u>

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Management's Discussion and Analysis
September 30, 2022**

Summary of Operations

1. Budget

	<u>Budgeted</u>	<u>Actual</u>	<u>Difference Actual v. Budget</u>
Expenditures	\$ 915,000	\$ 807,823	\$ 107,177
Revenues	\$ 797,503	\$ 759,312	\$ (38,191)

Berrien County Public Transportation is under the budgeted amount for both expenditures and revenues for the year ended September 30, 2022.

2. General Report on FY 2022 Operations:

- Total ridership for FY 2022 was 17,296 which is a large increase from FY 2021 and reflects a return to pre-COVID 19 levels of services.
- Total expenditures of \$807,823 were also a large increase from FY 2021 as operations return to pre-COVID 19 levels of service.

If you have questions about this report or need additional information you may contact the Berrien County Public Transportation's office at: Attn: Dennis Schuh, Berrien County Public Transportation, 701 Main Street, St. Joseph, MI 49085.

BASIC FINANCIAL STATEMENTS

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Balance Sheet
September 30, 2022**

Assets

Current Assets

Cash	\$ 391,653
Accounts receivable	22,426
Due from Federal Government	89,297
Due from State of Michigan	37,155
Prepaid expenditures	<u>6,526</u>

Total Assets \$ 547,057

Liabilities and Fund Balance

Liabilities

Current Liabilities

Accounts payable	\$ 51,852
Payroll liabilities	<u>3,335</u>

Total Liabilities 55,187

Fund Balance

Nonspendable	6,526
Restricted	<u>485,344</u>

Total Fund Balance 491,870

Total Liabilities and Fund Balance \$ 547,057

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended September 30, 2022**

Revenues	
Federal grant - Section 5311/CRSSA	\$ 309,778
State operating grant - Act 51	294,366
Federal RTAP grant	14,073
Farebox revenue	16,620
Local contracts	114,924
Interest earned	111
Miscellaneous revenue	<u>9,440</u>
Total Revenues	759,312
Expenditures	
Public transportation - operating costs	<u>807,823</u>
Change in Fund Balance	<u><u>(48,511)</u></u>
Fund Balance, Beginning of Year, as Previously Reported	\$ 454,735
Prior Period Adjustment	<u>85,646</u>
Fund Balance, Beginning of Year, as Restated	<u>540,381</u>
Change in Fund Balance	<u>(48,511)</u>
Fund Balance, End of Year	<u><u>\$ 491,870</u></u>

See accompanying notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Berrien County Public Transportation, MDOT - Small Bus Program Fund (“BCPT”) is a special revenue governmental fund of the County of Berrien, Michigan (the “County”). The County is governed by a Board of Commissioners who contracted with the Michigan Department of Transportation to provide public transportation services in nonurbanized areas. The Board of Commissioners subcontract the operation of the transportation system to a third party and the financial statements include only the operations of that fund of the County.

The financial statements of BCPT have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The BCPT’s significant accounting policies are described below.

1. Reporting Entity

BCPT is a special revenue governmental fund of the County of Berrien, Michigan (the “County”), which has a fiscal year ending on December 31.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. BCPT is a special revenue fund of the County, and, therefore, it reports on the modified accrual basis of accounting. Only the fund-based statements are presented.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the BCPT considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Federal and State grants, local contracts, reimbursements, intergovernmental revenues and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

3. Capital Assets

Capital assets used by BCPT are owned by the County of Berrien, Michigan, and are reported in the County's financial statements.

4. Fund Balance

BCPT adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable - resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted - resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed - resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (County Board of Commissioners). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned - unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

5. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

6. Implementation of New Accounting Principles

BCPT adopted the provisions of GASB Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Currently, BCPT is not party to any contracts that contain leases.

NOTE B - CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a municipality in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a municipality in Michigan.

Balances at September 30, 2022 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Cash equivalents per the Balance Sheet:

Governmental Activities	\$391,653
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Cash Equivalents

Cash equivalents consist of bank public funds checking, savings and money market accounts.

Depositories actively used by the BCPT during the year are detailed as follows:

1. Chase Bank
2. Huntington Bank (former TCF Bank)

September 30, 2022 balances are detailed as follows:

Cash equivalents	\$391,653
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Custodial Credit Risk as Related to Cash Equivalents

Custodial credit risk is the risk that in the event of bank failure, the BCPT's cash equivalents and deposits may not be returned to the BCPT. Protection of BCPT cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation (FDIC). At year-end, the carrying amount of the BCPT's cash equivalents was \$391,653 which is all in the name of the County of Berrien whose total bank balance exceeds FDIC limits and is therefore uninsured.

NOTE C - COST ALLOCATIONS

BCPT has cost allocation plans for all allocated expenses. All allocation plans except for those described in the accompanying schedule of findings and responses, if any, are approved by the Michigan Department of Transportation, Bureau of Urban and Public Transportation, Bus Transit Division. The plans have been adhered to in the preparation of the financial statements.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

NOTE D - RISK MANAGEMENT

BCPT is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). BCPT has purchased commercial insurance for property loss, torts, and errors and omissions claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

BCPT participates in a risk pool, the Michigan Transit Pool. The Pool provides auto liability and general liability coverage to its members for the first \$2,000,000 per occurrence, including the members' self-insured retentions. BCPT has a \$25,000 self-insured retention. An excess insurance carrier beginning in fiscal 2005 provides coverage in excess of \$2,000,000 up to a maximum of \$5,000,000 per occurrence, depending on the member.

NOTE E - EXPLANATION OF INELIGIBLE EXPENSES PER THE LPT R&E MANUAL

All ineligible expenses, as defined by the Local Public Transit Revenue & Expense Manual, are properly reported and properly subtracted out as ineligible. Any capital money used to pay for operating expenses has been subtracted out as ineligible on OAR Schedule 4E (Nonurban Regular Service Expense Report) and Net Eligible Costs Computations of General Operations. Accordingly, expenses associated with account 41398 have been subtracted out as ineligible. There is no 406xx Auxiliary Transportation Revenue.

NOTE F - CONTINGENCIES

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the transit agency expects such amounts, if any, to be immaterial.

NOTE G - NONFINANCIAL DATA

The methodology used for compiling mileage on OAR Schedule 4N has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Basic Financial Statements
September 30, 2022**

NOTE H - DUE TO/FROM OTHER GOVERNMENTAL UNITS

Due from State Government

Berrien County Public Transportation receives funding from the State of Michigan for the Local Bus Operating Assistance Program. The computation of the amount due from the State of Michigan is as follows:

Net Eligible Expenses	\$	784,245
Funding Rate		0.375350
Funding Earned		294,366
Funding Received		342,948
Current-year overpayment from State of Michigan		(48,582)
Less: current-year withholdings from State		85,737
Current-year net underpayment from State of Michigan		37,155

Due From Federal Government

Berrien County Public Transportation receives funding from the U.S. Department of Transportation under Section 5311 Operating Grants. The computation of the amount due from the Federal Government is as follows:

Net Eligible Expenses	\$	774,445
Funding Rate		0.400000
Funding Earned		309,778
Less: current-year progress payments		(184,732)
Current-year Federal Section 5311 underpayment		125,046
Outstanding prior-year overpayments		(35,749)
Net Federal Section 5311 underpayments		\$ 89,297

Note I - Prior Period Adjustment

During the current fiscal year, it was determined that certain prior year amounts due from the State of Michigan totaling \$85,646 have been settled. To correct this error, the beginning fund balance of \$454,735, as originally reported, has been increased to \$540,381.

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REQUIRED SUPPLEMENTARY INFORMATION

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Budgetary Comparison Schedule
September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget</u>
Revenues				
Federal grant - Section 5311	\$ 163,890	\$ 163,890	\$ 309,778	\$ 145,888
State operating grant - Act 51	324,613	324,613	294,366	(30,247)
Federal RTAP grant	4,500	4,500	14,073	9,573
Farebox revenue	300,000	300,000	16,620	(283,380)
Local contracts	-	-	114,924	114,924
Interest earned	2,000	2,000	111	(1,889)
Gain on sale of Capital Assets	2,500	2,500	-	(2,500)
Miscellaneous revenue - reimbursements	-	-	9,440	9,440
	<u>797,503</u>	<u>797,503</u>	<u>759,312</u>	<u>(38,191)</u>
Total Revenues				
Expenditures				
Public transportation - operating costs	<u>915,000</u>	<u>915,000</u>	<u>807,823</u>	<u>107,177</u>
	<u>(117,497)</u>	<u>(117,497)</u>	<u>(48,511)</u>	<u>68,986</u>
Change in Fund Balance				
Fund Balance, Beginning of Year, as Restated	<u>540,381</u>	<u>540,381</u>	<u>540,381</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 422,884</u>	<u>\$ 422,884</u>	<u>\$ 491,870</u>	<u>\$ 68,986</u>

See notes to required supplementary information.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Notes to Required Supplementary Information
September 30, 2022**

Budgets and Budgetary Accounting

The budget presented in the financial statements was prepared on the same basis as the accounting basis used to reflect actual results. BCPT is subject to legal budgetary accounting controls and is budgeted annually, based on the County's fiscal year-end of December 31. BCPT utilizes the following procedures in establishing the budgetary data:

- The budget is generated with input from the County's commissioners.
- The annual budgeting process begins in July of each year.
- BCPT's department head submits budget requests/recommendations to the responsible parent committee (i.e., Finance, Personnel, Administration) for approval.
- Once approved, the department heads are required to hold a budget hearing with the Finance Committee by the second Tuesday in September.
- The County Administrator tabulates a budget overview, including recommendations, for the Finance Committee to adjust and approve a final budget.
- Following truth in taxation hearings, the final budget is submitted to the Board of Commissioners for adoption.
- The Board has until December 31 to adopt the budget for the County's fiscal year-end.
- The budget may only be amended by action of the County Board of Commissioners.
- Budget appropriations lapse at fiscal year-end.
- Encumbrance accounting is not utilized.

The budget reflected in the financial statements has been adjusted to reflect the fiscal year presented.

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SUPPLEMENTARY INFORMATION

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Schedule 2
Expenditures of Federal and State Awards
September 30, 2022**

<u>Federal and State Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor No./ Authorization Number</u>	<u>Program Award Amount</u>
<u>U.S. Department of Transportation</u>			
Passed through Michigan Department of Transportation Operating Assistance - Section 5311/CRSSA FY 2022	20.509	2022-0020/P1	\$ 364,200
Rural Transit Assistance Program (RTAP)		N/A	<u>15,500</u>
			<u>379,700</u>
<u>Michigan Department of Transportation</u>			
Operating Assistance Operating Assistance - Act 51 Nonurban	N/A	N/A	<u>294,366</u>
Total			<u><u>\$ 674,066</u></u>

Reconciliation to financial statement federal revenue:

Federal grant - Section 5311/CRSSA	\$ 309,778
Federal RTAP grant	14,073
Unearned revenue - 5311 overpayment	<u>-</u>
Federal expenditures per schedule 2	<u><u>\$ 323,851</u></u>

<u>Current Year's Expenditures</u>			<u>Prior-Year Expenditures</u>	<u>Award Amount Remaining</u>
<u>Federal</u>	<u>State</u>	<u>Total</u>		
\$ 309,778	\$ -	\$ 309,778	\$ 234,861	\$ 54,422
14,073	-	14,073	-	1,427
<u>323,851</u>	<u>-</u>	<u>323,851</u>	<u>234,861</u>	<u>55,849</u>
<u>-</u>	<u>294,366</u>	<u>294,366</u>	<u>275,618</u>	<u>-</u>
<u>\$ 323,851</u>	<u>\$ 294,366</u>	<u>\$ 618,217</u>	<u>\$ 510,479</u>	<u>\$ 55,849</u>

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
OAR Schedule 4R
Nonurban Regular Service Revenue Report
September 30, 2022**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401:	Farebox Revenue	
40100	Passenger Fares	\$ 16,620
407:	NonTrans Revenues	
409:	Local Revenue	
40950	Local Service Contract/Local Source	114,924
411:	State Formula and Contracts	
41101	State Operating Assistance	294,366
413:	Federal Contracts	
41301	Federal Section 5311	309,778
41398	RTAP	14,073
414:	Other Revenue	
41400	Interest Income	111
440:	Other Revenue	
44000	Prior-Year Refunds and Credits	9,440
Total		<u>\$ 759,312</u>

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
OAR Schedule 4E
Nonurban Regular Service Expense Report
September 30, 2022**

Code	Description	Operations	Maintenance	General Administration	Total Amount
501:	Labor				
50102	Other Salaries and Wages	\$ 61,669	\$ 8,810	\$ 17,620	\$ 88,099
502:	Fringe Benefits				
50200	Other Fringe Benefits	12,310	1,759	3,517	17,586
503:	Services				
50302	Advertising	-	-	152	152
50305	Audit Costs	-	-	9,800	9,800
50399	Other Services	-	-	79,877	79,877
504:	Materials and Supplies				
50401	Fuel and Lubricants	84,556	-	-	84,556
50499	Other Materials and Supplies	-	62,804	3,739	66,543
505:	Utilities				
50500	Utilities	-	-	17,376	17,376
506:	Insurance				
50603	Liability Insurance	43,990	-	-	43,990
508:	Purchased Transportation Services				
50800	Purchased Transportation Services	369,955	-	-	369,955
509:	Miscellaneous Expenses				
50902	Travel, Meetings, and Training	-	-	13,484	13,484
50903	Association Dues and Subscriptions	-	-	1,586	1,586
50999	Other Miscellaneous Expenses	-	-	-	-
512:	Operating Leases and Rentals				
51200	Operating Leases and Rentals	14,819	-	-	<u>14,819</u>
	Total Expenses				<u>807,823</u>
540:	Ineligible Prior Year Refund and Credits				
54000	Ineligible Prior Year Refund	-	-	9,440	9,440
550:	Ineligible Expenses				
55005	Ineligible Local Contracts	65	-	-	65
574:	Ineligible Expenses				
57402	Ineligible RTAP	-	-	14,073	<u>14,073</u>
	Total Ineligible Expenses				<u>23,578</u>
	Total Eligible Expenses				<u><u>\$ 784,245</u></u>

BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
OAR Schedule 4N
Nonurban Regular Service Nonfinancial Report
September 30, 2022

Demand Response Code		Public Service Vehicle Miles Year Ended September 30,	
		2022	2021
611	Weekday	175,039	218,662
611	Saturday	-	-
611	Sunday	-	-
		<u>175,039</u>	<u>218,662</u>

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
OAR Schedule 5
Operating Assistance Calculation
September 30, 2022**

	Nonurban
Total Expenses	\$ 807,823
Less Ineligible Expenses:	
Ineligible refunds and reimbursements	(9,440)
Ineligible local contracts	(65)
RTAP reimbursements	(14,073)
Total Ineligible Expenses Per R&E Manual	(23,578)
Total State Eligible Expenses	\$ 784,245
Eligible Expenses for State Reimbursement	\$ 784,245
x Reimbursement Percentage	37.5350%
State Operating Assistance	\$ 294,366
Total Federal Eligible Expenses	
Less Additional Federal Ineligible Expenses Per A-87:	
Audit Costs	\$ (9,800)
Eligible Expenses for Federal Reimbursement	774,445
x Reimbursement Percentage, not to exceed \$397,490	40%
Federal Section 5311 Operating Assistance	\$ 309,778

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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***

May 24, 2023

To the Berrien County Commissioners
Berrien County, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Berrien County Public Transportation, MDOT - Small Bus Program Fund of the County of Berrien, Michigan, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Berrien County Public Transportation's basic financial statements and have issued our report thereon dated May 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berrien County Public Transportation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berrien County Public Transportation's internal control. Accordingly, we do not express an opinion on the effectiveness of Berrien County Public Transportation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2022-01 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berrien County Public Transportation'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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Responses as 2022-02.

Berrien County Public Transportation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Berrien County Public Transportation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Berrien County Public Transportation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Certified Public Accountants
St. Joseph, Michigan

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Schedule of Findings and Reponses
September 30, 2022**

Finding 2022-01 - Audit Adjustments (Repeat Comment)

Criteria: Berrien County Public Transportation, MDOT - Small Bus Program Fund (BCPT), has overall financial responsibility to properly record transactions and provide accurate financial reporting.

Condition: BCPT is a special revenue fund of the County of Berrien, Michigan, which has a December 31 fiscal year-end. Therefore, audit adjustments are required each year to correctly state balances as of September 30, BCPT's fiscal year-end. During our testing performed on state grants and federal grants, we identified several material audit adjustments that management reviewed and approved. Adjustments were required to correct revenue and the related receivables and payables.

Cause: The County reports on a December 31 fiscal year-end, so prior year audit entries have not been recorded. In addition, BCPT calculates the state and federal receivables and or payables on a December 31, fiscal year-end. This requires adjustment to the BCPT's fiscal year end of September 30.

Effect: Without these audit adjustments, the financial statements would have been materially misstated.

Recommendation: We recommend BCPT reviews their September 30 trial balance and ensures that state and federal receivables/payables are included at the appropriate amounts prior to audit.

Management response: Berrien County has begun posting all invoices as receivables on the BCPT ledger at the time such invoices are issued. Additionally, Berrien County assigns project code numbers to each MDOT grant year and all purchase orders and invoices are posted to the ledger using these project code numbers referencing the fiscal year in which they were generated. Management will use these measures to generate a more accurate year-end trial balance for Berrien Bus at the close of BCPT's fiscal year on September 30, rather than at the close of Berrien County's fiscal year on December 31.

**BERRIEN COUNTY PUBLIC TRANSPORTATION
MDOT - SMALL BUS PROGRAM FUND
Schedule of Findings and Reponses
September 30, 2022**

Finding 2022-02 Delinquent Financial Report

Criteria: P.A 51, Section 10h(2) being 247.660(h) of the Michigan Compiled Law

Condition: Compliance with state law requires that an audit report be submitted 180 days subsequent to fiscal year end.

Cause: Different fiscal year ends between BCPT and Berrien County delay production of an accurate trial balance as of September 30.

Effect: Withholding of local bus operating funds from the State of Michigan

Recommendation: We recommend that BCPT records are ready for audit and that the audit is completed within six months (180 days) after yearend.

Management response: Historically, Berrien County produces all trial balances at the close of its fiscal year on December 31. This has delayed the start of the BCPT audit process. Going forward, Berrien County will produce a trial balance of the BCPT fund at the close of the BCPT's fiscal year on September 30, which will allow for an audit start date that is closer to late October or early November to ensure timely filing.

May 24, 2023

Board of Commissioners
Berrien County
701 Main Street
St. Joseph, MI 49085

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Berrien County Public Transportation for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Berrien County Public Transportation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by Berrien County Public Transportation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted not such estimates throughout our engagement.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements of this nature were identified. Material misstatements detected because of audit procedures were corrected by management and are described in the Schedule of Findings and Responses issued in connection with our report on internal controls over financial reporting.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 24, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Berrien County Public Transportation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Berrien County Public Transportation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Bureau of Public Transportation ("BPT") schedules 2, 4R, 4E, 5, and 6 which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on BPT schedule 4N, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Berrien County Board of Commissioners and management of Berrien County Public Transportation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants
St. Joseph, Michigan