
Road Commission of Kalamazoo County

(a component unit of the County of Kalamazoo, Michigan)

Federal Awards Supplemental Information

December 31, 2024

Independent Auditor's Reports

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Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

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

Independent Auditor's Report

To the Board of County Road Commissioners
Road Commission of Kalamazoo County

We have audited the financial statements of the governmental activities and the Road Fund of the Road Commission of Kalamazoo County (the "Road Commission"), a component unit of the County of Kalamazoo, Michigan, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Road Commission's basic financial statements. We issued our report thereon dated May 22, 2025, 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 May 22, 2025.

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 basic financial statements. The 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

May 22, 2025

**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 County Road Commissioners
Road Commission of Kalamazoo County

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 and the Road Fund of the Road Commission of Kalamazoo County (the "Road Commission") as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Road Commission's basic financial statements, and have issued our report thereon dated May 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Road Commission'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 Road Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Road Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Road Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Road Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

To Management and the Board of County Road Commissioners
Road Commission of Kalamazoo County

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

Plante & Moreau, PLLC

May 22, 2025

**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 County Road Commissioners
Road Commission of Kalamazoo County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Road Commission of Kalamazoo County's (the "Road Commission") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Road Commission's major federal program for the year ended December 31, 2024. The Road Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Road Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Road Commission and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Road Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Road Commission's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Road Commission's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Road Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Road Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Road Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Road Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2024-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of County Road Commissioners
Road Commission of Kalamazoo County

Government Auditing Standards requires the auditor to perform limited procedures on the Road Commission's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Road Commission's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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

May 22, 2025

Road Commission of Kalamazoo County

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
National Oceanic and Atmospheric Administration - Passed through the National Fish and Wildlife Foundation Habitat Conservation	11.463	NA18NMF4630004	\$ -	\$ 853,795

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Road Commission of Kalamazoo County (the "Road Commission") under programs of the federal government for the year ended December 31, 2024. 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 Road Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Road Commission.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the financial statements. 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. The pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs

Road Commission of Kalamazoo County

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 X Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
11.463	Habitat Conservation	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Road Commission of Kalamazoo County

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2024-001	<p>Assistance Listing Number, Federal Agency, and Program Name - Assistance Listing Number 11.463, National Oceanic and Atmospheric Administration, Habitat Conservation</p> <p>Federal Award Identification Number and Year - NA18NMF4630004</p> <p>Pass-through Entity - National Fish and Wildlife Foundation</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - Per 2 CFR 200.303(a), the nonfederal entity must establish and maintain effective internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. These internal controls should be in compliance with the guidance in the "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States, or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).</p> <p>Condition - The Road Commission did not have the appropriate processes and controls in place to ensure that reporting dates and period of performance deadlines were identified, to ensure that reporting and reimbursement requests were appropriately reviewed, or to ensure that vendors were reviewed for suspension and debarment prior to contracts being entered into.</p> <p>Questioned Costs - None</p> <p>If Questioned Costs are not Determinable, Description of why Known Questioned Costs Were Undetermined or Otherwise Could not be Reported - N/A</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - During testing of required reporting, as well as reimbursement requests submitted, it was noted that there was no evidence of supervisory reviews prior to submission of these documents. During testing of selected contracts, it was also noted that there was no evidence of review for suspension and debarment prior to entering into contracts. Additionally, while the Road Commission ultimately received extensions for reporting and the period of performance on this grant agreement, these did not occur until after the original dates for both had passed.</p>	None

Road Commission of Kalamazoo County

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-001 (Continued)	<p>Cause and Effect - If extensions had not been received for reporting and period of performance deadlines, this lack of control could have resulted in instances of noncompliance. Additionally, the lack of appropriate reviews of reporting, requests for reimbursement, and reviews of vendors for suspension and debarment could have resulted in instances of noncompliance.</p> <p>Recommendation - The Road Commission should review its processes and controls in these areas to ensure that they are aware of all reporting and period of performance deadlines, that all reporting and reimbursement requests are appropriately reviewed, and that all vendors for spending utilizing federal funding are reviewed for suspension and debarment.</p> <p>Views of Responsible Officials and Corrective Action Plan - The federal grant was awarded to the Road Commission of Kalamazoo County (RCKC) in 2021 with most of the project being completed in 2024. The project will be finalized in 2025.</p> <p>Although deadline extensions were received for the Interim Programmatic Report and Final Report, they were not requested in advance of the deadlines. Effective immediately, the project engineer and assistant county engineer will track and manage all federal grant deadlines in their Outlook calendars to avoid risk of noncompliance.</p> <p>The federal agency for this grant would only provide one user with system access to submit reimbursement requests, and RCKC granted this access to the project engineer. The accountant tracked cost accumulation on the grant project, provided the general ledger detail to the project engineer and confirmed reimbursement requests would be submitted. However, there was no review and approval of the individual reimbursement requests. Effective immediately, additional reimbursement requests for this grant will be reviewed and approved by the assistant county engineer and finance prior to submitting through the system for reimbursement. For future federal grants, cost-reimbursement system access will only be granted to finance. The accountant will review the general ledger for active federal projects monthly and submit the general ledger detail to engineering for review and approval per contract terms. Once engineering approves, the finance director will review and approve prior to the accountant submitting the request to avoid risk of noncompliance.</p> <p>Vendors were not reviewed for suspension and debarment prior to entering into the contracts. Effective immediately, the SAM.gov website will be utilized to confirm vendors are active and not suspended or debarred from federal work prior to entering into contracts to avoid risk of noncompliance.</p>	