
Mid Michigan College

Federal Awards Supplemental Information
June 30, 2019

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

Notes to Schedule of Expenditures of Federal Awards 7

Schedule of Findings and Questioned Costs 8-10

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

Independent Auditor's Report

To the Board of Trustees
Mid Michigan College

We have audited the financial statements of Mid Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 1, 2019, 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 1, 2019.

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 1, 2019

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 Trustees
Mid Michigan College

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 Mid Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 College'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The College's Response to the Finding

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College'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 Trustees
Mid Michigan College

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

Plante & Moran, PLLC

October 1, 2019

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 Trustees
Mid Michigan College

Report on Compliance for Each Major Federal Program

We have audited Mid Michigan College's (the "College") 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 College's major federal program for the year ended June 30, 2019. The College'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 College'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 College'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 College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

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

To the Board of Trustees
Mid Michigan College

Report on Internal Control Over Compliance

Management of the College 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 College'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 College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of 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 identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2019-002, that we consider to be a material weakness.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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 1, 2019

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster -				
U.S. Department of Education - Direct Program:				
Federal Pell Grant Program	84.063P	P063P172848	\$ -	\$ 5,959,955
Federal Work-Study Program	84.033A	P033A172047	-	140,030
Federal Supplemental Employment Opportunity Grant	84.007A	P007A172047	-	123,930
Federal Direct Loan Program	84.268	N/A	-	<u>6,972,963</u>
Total Student Financial Assistant Cluster			-	13,196,878
TRIO Cluster - U.S. Department of Education - Direct Program:				
Talent Search (9/1/17 to 8/31/18)	84.044A	P044A150506	-	102,390
Talent Search (9/1/18 to 8/31/19)	84.044A	P044A160506	-	129,895
Student Support Services (9/1/17 to 8/31/18)	84.042	P042A150098	-	36,582
Student Support Services (9/1/18 to 8/31/19)	84.042	P042A150098	-	<u>172,608</u>
Total TRIO Cluster			-	<u>441,475</u>
Total clusters			-	13,638,353
Other federal awards:				
U.S. Department of Agriculture - Passed through Rural				
Development Agency - Rural Business Development Grant	10.351	RBDG 10-351	-	19,748
U.S. Department of Labor - Passed through Southeast Michigan				
Community Alliance - H-1B Job Training Grants - American Apprenticeship	17.268	AP-28028-15-60-A-26	-	69,401
U.S. Department of Education:				
Passed through Michigan Department of Education - Vocational Education - Basic Grants to States:				
Regional Allocation - Post-secondary	84.048A	183510-1821-17	-	363,727
Local Administration - Post-secondary	84.048A	183250-1825-17	-	<u>9,200</u>
Total Vocational Education - Basic Grants to States			-	372,927
Passed through Michigan Department of Education - Gaining Early Awareness and Readiness for Undergraduate Programs				
	84.334	P334S110025	-	2,500
Small Business Administration -				
Passed through Grand Valley State University:				
Small Business Development Center 2018	59.037	SBAHQ-14-B-0024	-	101,659
Small Business Development Center 2019	59.037	SBAHQ-15-B-0051	-	<u>104,735</u>
Total Small Business Administration			-	<u>206,394</u>
Total other federal awards			-	<u>670,970</u>
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 14,309,323</u>

See notes to schedule of expenditures
of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Mid Michigan College (the "College") under programs of the federal government for the year ended June 30, 2019. 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 College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the 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. Pass-through entity identifying numbers are presented where available.

The College has elected 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 - Adjustments and Transfers

The College carried forward \$11,929 of the 2018-2019 Supplemental Education Opportunity Grant (84.007) award to the 2019-2020 award year. During the 2018-2019 award year, \$8,898 of Supplemental Education Opportunity Grant funds from the 2017-2018 award year was carried forward and spent.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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? X Yes _____ 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:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.063, 84.033, 84.007, 84.268	Student Financial Assistance Cluster	Unmodified

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

Auditee qualified as low-risk auditee? _____ Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section II - Financial Statement Audit Findings

Reference Number	Finding
2019-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - The net position of the Mid Michigan College Foundation, a discretely presented component unit of the College, should be broken out between unrestricted, expendable, and nonexpendable based on the existence of donor restrictions.</p> <p>Condition - During the financial statement audit, it was discovered that the 2018 net position was improperly reported in the June 30, 2018 financial statements.</p> <p>Context - A reclassifying adjustment was recorded to reclassify balances between unrestricted and expendable and nonexpendable. Reported unrestricted net position was overstated by \$237,005, nonexpendable scholarships was understated by \$19,743, and expendable scholarships and grants was understated by \$217,262 as of June 30, 2018.</p> <p>Cause - The College did not have a process in place that reconciled the net position reported in the financial statements to an internal tracking spreadsheet of net position restrictions.</p> <p>Effect - The total reclassifying adjustment resulted in a reduction of unrestricted net position of \$237,005, an increase of \$19,743 to nonexpendable scholarships, and an increase of \$217,262 to expendable scholarships and grants.</p> <p>Recommendation - We recommend the College perform a reconciliation of net position between the financial statements and the internal tracking spreadsheet followed by a second review.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The College concurs with the finding and is implementing a reconciliation of net position between the amounts tracked internally and the Foundation's amounts reported on the financial statements.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2019-002	<p>CFDA Number, Federal Agency, and Program Name - Student Financial Assistance Cluster, U.S. Department of Education, Federal Direct Loan Program (84.268)</p> <p>Federal Award Identification Number and Year - NA</p> <p>Pass-through Entity - NA</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - Yes 2018-002</p> <p>Criteria - Changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) or the guarantee agency within 30 days of the change or included in a student status confirmation report sent to NSLDS within 60 days of the status change (34 CFR Section 682.610).</p> <p>Condition - The College did not report certain student status changes in a timely manner.</p> <p>Questioned Costs - None</p> <p>Context - Of the 40 students selected for status change testing, 2 of these students did not have a status change reported in a timely manner.</p> <p>Cause and Effect - A control was not in place to ensure the College's graduation report was complete. As a result, certain graduates' status was not updated timely.</p> <p>Recommendation - We recommend the College review the process and controls over the graduation report completeness.</p> <p>Views of Responsible Officials and Corrective Action Plan - The College concurs and is implementing a process to review the graduation report for completeness.</p>	None