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# Lake Michigan College

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**Federal Awards Supplemental Information  
June 30, 2022**

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

**Independent Auditor's Report**

To the Board of Trustees  
Lake Michigan College

We have audited the financial statements of the business-type activities and discretely presented component unit of Lake Michigan College (the "College") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 8, 2022, which contained an unmodified opinion on those 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 November 8, 2022.

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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

March 21, 2023

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  
Lake 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 the business-type activities and discretely presented component unit of Lake Michigan College (the "College") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 8, 2022. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Report on 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) 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 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. 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 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 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 Trustees  
Lake 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*

November 8, 2022

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  
Lake Michigan College

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Lake Michigan College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022.

***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 College 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 College'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 College's federal programs.

To the Board of Trustees  
Lake Michigan College

### ***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 College'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 College'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 College'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 College'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 College'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.

### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance that 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 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subject to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

### **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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-001 to be a material weakness.

To the Board of Trustees  
Lake Michigan College

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-002 to be a significant deficiency.

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.

*Government Auditing Standards* require the auditor to perform limited procedures on the College's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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*

March 21, 2023

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster:				
U.S. Department of Education - Direct Program:				
Federal Supplemental Educational Opportunity Grant Program 21/22	84.007	P007A212028	\$ -	\$ 129,770
Federal Work-Study Program	84.033	P033A212028	-	41,606
Pell Grant Program 20/21	84.063	P063P201639	-	26,703
Pell Grant Program 21/22	84.063	P063P211639	-	3,504,633
Direct Loan Programs:				
Federal Direct Student Loan Program 20/21	84.268	P268K211639	-	7,969
Federal Direct Student Loan Program 21/22	84.268	P268K221639	-	1,721,958
Total Federal Direct Student Loan Program			-	1,729,927
Total Student Financial Assistance Cluster			-	5,432,639
TRIO Cluster - U.S. Department of Education - Direct Program:				
Student Support Service 21/22	84.042A	P042A201246	-	300,794
Upward Bound 21/22	84.047A	P047A193029	-	356,048
Educational Opportunity Center 21/22	84.066A	P066A210020	-	342,119
Total TRIO Cluster			-	998,961
Workforce Innovation and Opportunity Act (WIOA) Cluster - Direct Program - U.S. Department of Labor:				
WIOA Adult Services	17.258	AA342361955A26	-	30,668
WIOA Dislocated Worker Services	17.278	AA342361955A26	-	24,038
Total WIOA Cluster			-	54,706
Employment Services Cluster - U.S. Department of Labor - Passed through Kinexus - Employment Services/Wagner-Peyser Funded Activities				
	17.207	ES334001955A26	-	25,220
Total clusters			-	6,511,526
Other federal awards:				
Other U.S. Department of Labor:				
Direct Program - Trade Adjustment Assistance	17.245	TA304921755A26	-	4,218
Other U.S. Department of Education Awards - Title III - Direct Program:				
Higher Education Institutional Aid - Strengthening Institutions 21/22	84.031F	P031F170012	-	588,417
Education Stabilization Fund:				
COVID-19 - Higher Education Emergency Relief Fund - Student Aid	84.425E	P425E203216	-	3,179,283
COVID-19 - Higher Education Emergency Relief Fund - Institutional Aid	84.425F	P425F202937	-	896,414
COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions	84.425M	P425M200864	-	272,932
Passed through State of Michigan - Career and Technical Education - Basic Grants to States:				
Regional Allocation	84.048A	V048A170022-17A	-	272,810
Local Leadership	84.048A	V048A170022	-	8,483
Other U.S. Department of Health and Human Services - Passed through Michigan Works - Temporary Assistance for Needy Families				
	93.558	1901MITANF	-	10,740
Total other federal awards			-	5,233,297
Total expenditures of federal awards			<b>\$ -</b>	<b>\$ 11,744,823</b>

See notes to schedule of expenditures of federal awards.

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## Notes to Schedule of Expenditures of Federal Awards

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Year Ended June 30, 2022

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lake Michigan College (the "College") under programs of the federal government for the year ended June 30, 2022. 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. The pass-through entity identifying numbers are presented where available.

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

### Note 3 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Educational, the College carried forward and spent \$8,914 of 2020-2021 Federal Supplemental Educational Opportunity Grant Program (84.007) funds in 2021-2022 and carried forward and spent \$7,525 of 2020-2021 Federal Work-Study Program (84.033) funds in 2021-2022.

In addition, the College transferred and spent \$35,368 of Federal Work-Study Program funds in the Federal Supplemental Educational Opportunity Grant Program.

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## Schedule of Findings and Questioned Costs

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.063, 84.268, 84.425	Student Financial Assistance Cluster COVID-19 - Education Stabilization Fund	Unmodified Unmodified

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

Auditee qualified as low-risk auditee?  Yes  No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2022-001	<p><b>ALN, Federal Agency, and Program Name</b> - Student Financial Assistance Cluster - Federal Direct Student Loan Program ALN 84.268</p> <p><b>Federal Award Identification Number and Year</b> - Various</p> <p><b>Pass-through Entity</b> - None</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - Yes, 2021-002</p> <p><b>Criteria</b> - If an institution credits a student ledger account with a direct loan, the institution must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution of:</p> <ul style="list-style-type: none"> <li>(i) The anticipated date and amount of the disbursement</li> <li>(ii) The student's or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the secretary</li> <li>(iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement</li> </ul> <p>(34 CFR Section 668.165(a)(2) and (a)(3)).</p> <p><b>Condition</b> - The College was not sending notifications meeting the required criteria during the year.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The College did not send notifications with the required information included for the entire fiscal year.</p> <p><b>Cause and Effect</b> - The College did not have a process in place to provide students and parents with required notifications. As a result, students and parents were not provided with the required information.</p> <p><b>Recommendation</b> - The College should implement a process to ensure notifications sent to students and parents include all required information.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The College has updated their notifications to include the required elements beginning in the fall 2022 semester.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2022-002	<p><b>ALN, Federal Agency, and Program Name</b> - Education Stabilization Fund - Higher Education Emergency Relief Fund ALN 84.425</p> <p><b>Federal Award Identification Number and Year</b> - P425E203216, P425F202937, P425M200864</p> <p><b>Pass-through Entity</b> - None</p> <p><b>Finding Type</b> - Significant deficiency</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - CARES Act 18004(e) and the CRRSAA 314(e) require an institution receiving funds under HEERF I and HEERF II to submit a report to the secretary at such time and in such a manner as the secretary may require. ARP Act 2003 specifies that the same terms and conditions of CRRSAA 314 apply to HEERF III funds. While the acts do not explicitly identify procedures by which institutions must report on their uses of HEERF grant funds, pursuant to these requirements, the U.S. Department of Education required quarterly public reporting of student portion and institutional portion awards and an annual report. Additionally, quarterly student reports are due 10 days after the end of the quarter.</p> <p><b>Condition</b> - The College did not submit HEERF student quarterly reports timely and reported inaccurate information in certain line items within the 2021 HEERF annual report.</p> <p><b>Questioned Costs</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The HEERF studently quarterly reports for the fourth quarter of 2021 and the first quarter of 2022 were not prepared until October 2022 and were not posted publicly until February 2023. The annual report reported incorrect figures for the number of unduplicated students who received HEERF grants and the collective value of those grants for calendar year 2021.</p> <p><b>Cause and Effect</b> - There were inadequate controls implemented to ensure that the required information was properly made available on the College's website on a timely basis and that reports were prepared accurately.</p> <p><b>Recommendation</b> - The College should implement additional controls to ensure reporting requirements for federal grants be complied with in all instances.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The delay in posting the quarterly reports online was an oversight, but they were properly submitted to the U.S. Department of Education timely. We will correct the annual report and resubmit it, and, going forward, we will ensure there is a review of data before it is submitted or posted.</p>	None