
Lake Michigan College

Federal Awards Supplemental Information
June 30, 2021

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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 Lake Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 3, 2021, 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 November 3, 2021.

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

September 9, 2022

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 Lake Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2021 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 3, 2021. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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 may exist that have not been identified.

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 3, 2021

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

We have audited Lake 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 each of the College's major federal programs for the year ended June 30, 2021. 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.

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 programs.

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 each of the major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the OMB Uniform Guidance, which are described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The College's responses were not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

To the Board of Trustees
Lake 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 to 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 certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002, that we consider to be material weaknesses.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the 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

September 9, 2022

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Assistance		Total Amount	
	Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster:				
U.S. Department of Education - Direct Program:				
Federal Supplemental Education Opportunity Grant Program 19/20	84.007	P007A192028	\$ -	\$ 750
Federal Supplemental Education Opportunity Grant Program 20/21	84.007	P007A202028	-	67,000
Federal Work-Study Program	84.033	P033A202028	-	68,058
Federal Pell Grant Program 19/20	84.063	P063P191639	-	45,332
Federal Pell Grant Program 20/21	84.063	P063P201639	-	3,194,423
Direct Loan Programs:				
Federal Direct Student Loan Program 19/20	84.268	P268K201639	-	57,511
Federal Direct Student Loan Program 20/21	84.268	P268K211639	-	1,765,313
Total Federal Direct Student Loan Program			-	1,822,824
Total Student Financial Assistance Cluster			-	5,198,387
TRIO Cluster - U.S. Department of Education -				
Direct Program:				
Student Support Services 18/19	84.042A	P042A150673	-	50,068
Student Support Services 19/20	84.042A	P042A201246	-	289,035
Upward Bound 18/19	84.047A	P047A193029	-	108,897
Upward Bound 19/20	84.047A	P047A193029	-	285,596
Educational Opportunity Center 18/19	84.066A	P066A160032	-	82,496
Educational Opportunity Center 19/20	84.066A	P066A160032	-	333,747
Total TRIO Cluster			-	1,149,839
Workforce Investment Act (WIOA) Cluster -				
Direct Program - U.S. Department of Labor:				
WIOA Adult Services	17.258	AA342361955A26	-	11,211
WIOA Dislocated Worker Services	17.278	AA342361955A26	-	9,679
Total WIOA Cluster			-	20,890
Employment Services Cluster -				
U.S. Department of Labor - Passed through Kinexus -				
Employment Services/Wagner-Peyser Funded Activities	17.207	ES334001955A26	-	86,750
Total clusters			-	6,455,866
Other federal awards:				
Other U.S. Department of Labor:				
Direct Program - Trade Adjustment Assistance	17.245	TA304921755A26	-	9,976
U.S. Department of the Treasury - Passed through State of Michigan -				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	639,100
Other U.S. Department of Education Awards - Title III -				
Direct Program:				
Higher Education Institutional Aid - Strengthening Institutions 18/19	84.031F	P031F170012	-	375,800
Higher Education Institutional Aid - Strengthening Institutions 19/20	84.031F	P031F170012	-	466,265
Education Stabilization Fund:				
COVID-19 - Higher Education Emergency Relief Fund - Student Aid	84.425E	P425E203216	-	702,556
COVID-19 - Higher Education Emergency Relief Fund - Institutional Aid	84.425F	P425F202937	-	5,771,969
COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions	84.425M	P425M200864	-	205,089
Career and Technical Education - Basic Grants to States:				
Regional Allocation	84.048A	V048A170022-17A	-	214,336
Local Leadership	84.048A	V048A170022	-	8,384
Total U.S. Department of Education			-	7,744,399
Total other federal awards			-	8,393,475
Total expenditures of federal awards			\$ -	\$ 14,849,341

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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, 2021. 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, except for expenditures related to ALN 21.019, Coronavirus Relief Fund (CRF). CRF does not apply 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*, but rather applies the U.S. Department of the Treasury's guidance and frequently asked questions as outlined in the 2021 Compliance Supplement. 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 Education, the College carried forward and spent \$7,174 of 2019-2020 Federal Supplemental Education Opportunity Grant Program (84.007) funds in 2020-2021 and carried forward \$8,914 of 2020-2021 Federal Supplemental Education Opportunity Grant Program (84.007) funds to be spent in 2021-2022.

The College carried forward and spent \$3,608 of 2019-2020 Federal Work-Study Program (84.033) funds in 2020-2021 and carried forward \$7,525 of 2020-2021 Federal Work-Study Program (84.033) funds to be spent in 2021-2022.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268 84.425 84.031	Student Financial Assistance Cluster COVID-19 - Education Stabilization Fund Higher Education Institutional Aid - Strengthening Institutions

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
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Current Year None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

Section III - Federal Program Audit Findings

Reference Number	Finding
2021-001	<p>ALN, Federal Agency, and Program Name - Student Financial Assistance Cluster - Federal Direct Student Loan Program ALN 84.268 and Federal Pell Grants ALN 84.063</p> <p>Federal Award Identification Number and Year - Various</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a student status confirmation report sent to NSLDS within 60 days of the status change (Pell, 34 CFR Section 690.83(b); Direct Loan, 34 CFR Section 685.309(b)).</p> <p>Condition - The College did not report certain students' status changes to NSLDS or submitted inaccurate information during the fiscal year.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Of the 25 students tested, there were 10 students who had an enrollment change that was either not reported or reported inaccurately. Specifically, four status changes were not reported, three were reported with incorrect dates, two graduations were reported only as withdrawals, and one was reported with an incorrect date at the program level but was reported correctly at the campus level.</p> <p>Cause and Effect - The College did not have adequate controls in place to ensure all enrollment changes are reported timely and accurately to NSLDS. As a result, certain student status changes were not reported to the NSLDS in a timely manner.</p> <p>Recommendation - The College should implement controls to ensure student status changes are reported accurately and timely to the NSLDS. These controls should include a thorough review of the enrollment rosters prior to reporting to NSLDS.</p> <p>Views of Responsible Officials and Corrective Action Plan - Lake Michigan College takes the issue of compliance very seriously. We strive to establish processes that ensure strong internal controls are present. We took a strong look at our operations and are committed to ensuring our processes are at the highest level of transparency and accuracy.</p> <p>The College will review and update internal controls around determination and reporting of (1) official withdrawals, (2) unofficial withdrawals, and (3) graduate enrollment status updates. The College will also send a graduates only file to the National Student Clearinghouse within 30 days of the end of each semester.</p> <p>For four of the other instances noted (two not reported and two reported as withdrawn and not graduated), our research shows that we did submit the proper information; however, files were rejected by the Clearinghouse. We understand it is our responsibility to identify these situations and take the appropriate corrective action. Starting immediately, we have added an additional review to ensure that all rejected files are identified and corrective action taken.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2021-002	<p>ALN, Federal Agency, and Program Name - Student Financial Assistance Cluster - Federal Direct Student Loan Program ALN 84.268</p> <p>Federal Award Identification Number and Year - Various</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - 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"> (i) The anticipated date and amount of the disbursement (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 (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 <p>(34 CFR Section 668.165(a)(2) and (a)(3)).</p> <p>Condition - The College was not sending notifications meeting the required criteria during the the year.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The College did not send notifications with the required information included.</p> <p>Cause and Effect - 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>Recommendation - The College should implement a process to ensure notifications sent to students and parents include all required information.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The ability of students to properly manage loan debt is of upmost important to Lake Michigan College. We understand that students must know the tools available to them in order to make informed decisions, including the required referenced letter. We have assembled a group of financial aid and IT staff to address this omission and to immediately rectify the issue. This situation will be corrected prior to disbursements of the upcoming fall term financial aid.</p>	None