
Lake Michigan College

Federal Awards Supplemental Information
June 30, 2023

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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, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 24, 2023, 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 24, 2023.

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

March 22, 2024

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 basic 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, 2023 and the related notes to the basic financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 24, 2023. The financial statements of Lake Michigan College Foundation 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

October 24, 2023

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 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, 2023. 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, 2023.

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.

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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be 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 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 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 2023-001 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.

To the Board of Trustees
Lake Michigan College

Government Auditing Standards requires the auditor to perform limited procedures on the College'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 College'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

March 22, 2024

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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	\$ -	\$ 500
Federal Supplemental Educational Opportunity Grant Program 22/23	84.007	P007A222028	-	112,975
Federal Work-Study Program	84.033	P033A222028	-	34,553
Pell Grant Program 21/22	84.063	P063P211639	-	(5,880)
Pell Grant Program 22/23	84.063	P063P221639	-	2,845,606
Direct Loan Programs:				
Federal Direct Student Loan Program 21/22	84.268	P268K221639	-	140,038
Federal Direct Student Loan Program 22/23	84.268	P268K231639	-	1,654,259
Total Federal Direct Student Loan Program			-	1,794,297
Total Student Financial Assistance Cluster			-	4,782,051
TRIO Cluster - U.S. Department of Education - Direct Program:				
Student Support Service 21/22	84.042A	P042A201246	-	48,043
Student Support Service 22/23	84.042A	P042A201246	-	304,115
Upward Bound 21/22	84.047A	P047A193029	-	152,302
Upward Bound 22/23	84.047A	P047A193029	-	246,542
Educational Opportunity Center 21/22	84.066A	P066A160032	-	28,771
Educational Opportunity Center 22/23	84.066A	P066A210020	-	284,854
Total TRIO Cluster			-	1,064,627
Workforce Innovation and Opportunity Act (WIOA) Cluster - Direct Program - U.S. Department of Labor:				
WIA Adult Services	17.258	AA342361955A26	-	52,057
WIA Dislocated Worker Services	17.278	AA342361955A26	-	2,508
Total WIOA Cluster			-	54,565
Employment Services Cluster - U.S. Department of Labor - Passed through Kinexus - Employment Services/Wagner-Peyser Funded Activities				
	17.207	ES334001955A26	-	13,118
Total clusters			-	5,914,361
Other federal awards:				
U.S. Department of Labor:				
Direct Program - Trade Adjustment Assistance	17.245	TA304921755A26	-	2,675
U.S. Department of Education:				
Direct Programs:				
Higher Education Institutional Aid - Strengthening Institutions 22/23	84.031F	P031F170012	-	195,271
Fund for the Improvement of Postsecondary Education	84.116Z	P116Z220218	-	25,108
Passed through State of Michigan - Career and Technical Education - Basic Grants to States:				
Regional Allocation	84.048A	V048A170022-17A	-	281,411
Local Leadership	84.048A	V048A170022	-	6,792
U.S. Department of Health and Human Services:				
Passed through Michigan Works - Temporary Assistance for Needy Families				
	93.558	1901MITANF	-	2,509
U.S. Department of Treasury:				
Passed through the Michigan Community College Association COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Academic Catch-Up Program				
	21.027	SFLRP0127	-	33,304
Total other federal awards			-	547,070
Total expenditures of federal awards			\$ -	\$ 6,461,431

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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, 2023. 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 an 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 Education, the College transferred and spent \$24,658 of the Federal Work-Study (FWS) Program funds (84.033) award to the Federal Supplemental Educational Opportunity (SEOG) Grant Program (84.007).

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ 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
84.007, 84.033, 84.063, 84.268 84.042A, 84.047A, 84.066A	Student Financial Assistance Cluster	Unmodified
84.066A	TRIO 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

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2023-001	<p>Assistance Listing Number, Federal Agency, and Program Name - Student Financial Assistance Cluster - Federal Direct Student Loans Program (ALN 84.268) and Federal Pell Grant Program (ALN 84.063)</p> <p>Federal Award Identification Number and Year - Various</p> <p>Pass-through Entity - None</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance but before he or she has attended 60 percent of the scheduled length of the semester, the school must perform a return of Title IV funds (R2T4) calculation. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. A school must return unearned funds for which it is responsible no later than 45 days from the determination of a student's withdrawal (30 days if never attended) (34 CFR 668.220)(1)).</p> <p>When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.</p> <p>If an institution does not require instructors to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the institution of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence. Notwithstanding the above, an institution that is not required to take attendance may use as the withdrawal date the last date of attendance at an academically related activity, as documented by the institution (34 CFR668.22(c) and (l)).</p> <p>Condition - The College did not timely return the Title IV funds (R2T4) for 3 students.</p> <p>Questioned Costs - None</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2023-001 (Cont.)	<p>Context - Of the 40 students tested, there were 3 students who withdrew and, while the calculations of the amount to return were correct, the funds were not returned with 45 days of the date of determination.</p> <p>Cause and Effect - All of the untimely R2T4 refunds were during the fall semester when the College's financial aid department was understaffed due to departures.</p> <p>Recommendation - The College should try to incorporate R2T4 into a daily task for staff to ensure compliance with federal regulations is completed timely.</p> <p>Views of Responsible Officials and Corrective Action Plan - As outlined in the audit finding, the auditors noted 3 of the 40 R2T4 transactions reviewed (7.5 percent) were not completed within the required time frame. We have reviewed these transactions and agree with the auditor's determination. Given that only three calculations were identified as late, we consider these to be anomalies and not reflective of our overall operating practice. As the auditors state, all three of these transactions were calculated correctly and all three were associated with the fall term. Since that time, we have instituted new processes to help ensure the timely processing of all R2T4 calculations. These new processes include cross-training of staff to help ensure complete coverage of duties regarding this task. In addition, financial aid staff relating to R2T4 activities have received additional training with a financial aid consultant to help ensure both timeliness and accuracy.</p>	