



Washtenaw Community College

Year Ended  
June 30, 2016

Single Audit Act  
Compliance

# WASHTENAW COMMUNITY COLLEGE

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**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

October 10, 2016

Board of Trustees  
Washtenaw Community College  
Ann Arbor, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of *Washtenaw Community College* (the "College") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 10, 2016, which contained unmodified opinions 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 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 basic financial statements as a whole.

*Rehmann Robson LLC*

# WASHTENAW COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Education</b>				
Student Financial Assistance:				
Supplemental Educational Opportunity Grant Program	84.007	Direct	P007A152100	\$ 261,552
Federal Work Study Program	84.033	Direct	P033A152100	231,559
Pell Grant Program	84.063	Direct	P063P150244	14,497,239
Pell Grant Administrative Allowance	84.063	Direct	P063Q150244	25,090
Federal Direct Student Loan Program	84.268	Direct	P268K160244	18,663,931
				<u>33,679,371</u>
Adult Basic Education - Basic Grants to States Program	84.002A	MSF	V002A150023	<u>175,500</u>
Vocational Education Basic:				
Vocational Education Administrative Program	84.048A	MDE	V048A140022	18,223
Vocational Education Menu Program	84.048A	MDE	V048A150022	540,412
Michigan Post-Secondary Special POPS Council	84.048A	MDE	V048A140022	1,514
Michigan Community College Data and Evaluation Committee-16	84.048A	MDE	V048A150022	123,536
				<u>683,685</u>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	UT	F-2015-103	<u>6,613</u>
Early Childhood Associate Degree Accreditation Program	84.412	MAE	412A130044	<u>5,039</u>
<b>Total U.S. Department of Education</b>				<u>34,550,208</u>
<b>U.S. Department of Labor</b>				
Job Seekers - ES Washtenaw County	17.207	WCOCED	CR 44808.1	<u>138,248</u>
Trade Adjustment Assistance:				
Job Seekers - Trade Washtenaw County	17.245	WCOCED	CR 44808.1	3,460
Job Seekers - Trade 2 Washtenaw County	17.245	WCOCED	CR 44808.1	46,633
Transportation Technology	17.245	IGD	DTRT5715C10049	10,000
				<u>60,093</u>
Youth Build	17.274	Direct	YB-27804-15-60-A-26	<u>124,851</u>
* Trade Adjustment Assistance Community College & Career Training	17.282	Direct	TC-23792-12-60-A-26	<u>620,116</u>
<b>Total U.S. Department of Labor</b>				<u>943,308</u>
<b>U.S. Department of Transportation</b>				
* Motorcycle Safety 2015	20.616	MDS	500012	6,211
Motorcycle Safety 2016	20.616	MDS	500012	2,448
				<u>8,659</u>
<b>Total U.S. Department of Transportation</b>				<u>8,659</u>
<b>U.S. Small Business Administration</b>				
Michigan Small Business Development Center - 2015	59.037	GVSU	SBA HQ-15-B-0051	137,935
Michigan Small Business Development Center - 2016	59.037	GVSU	SBA HQ-16-B-0065	164,836
				<u>302,771</u>
<b>Total U.S. Small Business Administration</b>				<u>302,771</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 35,804,946</u>

\* Awards that management has elected to continue under the requirements of OMB Circular A-21, *Cost Principles for Educational Institutions*.

See notes to schedule of expenditures of federal awards.

# WASHTENAW COMMUNITY COLLEGE

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Washtenaw Community College (the "College") under programs of the federal government for the year ended June 30, 2016. The information in this 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* (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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or *OMB Circular A-21, Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the College has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. OTHER FEDERAL REVENUE

The College had the following loan balances outstanding at June 30, 2016. These loan balances are not included in the federal expenditures presented in the Schedule.

Cluster/Program Title	CFDA Number	Amount Outstanding
Federal Perkins Loan Program	84.038	\$ 29,655

### 4. OTHER ADJUSTMENTS

During the year ended June 30, 2016, the College carried forward \$0 from the 2015-2016 Supplemental Educational Opportunity Grant Program (84.007) to the 2016-2017 award year. During the year ended June 30, 2016, the College carried forward \$121 from the 2015-2016 Federal Work Study Program (84.033) to the 2016-2017 award year.

# WASHTENAW COMMUNITY COLLEGE

## Notes to Schedule of Expenditures of Federal Awards

### 5. PASS-THROUGH ENTITIES

The College receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Entity Abbreviation	Pass-through Entity Name
GVSU	Grand Valley State University
IGD	Integrated Global Dimensions, LLC
MAE	Michigan Association for Education of Young Children
MDE	Michigan Department of Education
MDS	Michigan Department of State
MSF	Michigan Strategic Fund - Workforce Development Agency
UT	University of Toledo
WCOCED	Washtenaw County Office of Community and Economic Development



**INDEPENDENT AUDITORS' 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***

October 10, 2016

Board of Trustees  
Washtenaw Community College  
Ann Arbor, Michigan

We have audited, in accordance with the 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 the discretely presented component unit of ***Washtenaw Community College*** (the "College"), as of and for the year ended June 30, 2016, 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 10, 2016.

#### **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 entity'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 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*.

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

*Rehmann Johnson LLC*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 10, 2016

Board of Trustees  
Washtenaw Community College  
Ann Arbor, Michigan

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

We have audited the compliance of *Washtenaw Community College* (the "College") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2016. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the College's major federal program 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 requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

### ***Opinion on the 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 its major federal program for the year ended June 30, 2016.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Purpose of this Report***

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.

The image shows a handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

# WASHTENAW COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2016

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ yes       X  no

Identification of major programs:

#### CFDA Number

#### Name of Federal Program or Cluster

84.007/84.033/84.063/84.268

Student Financial Assistance Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

X  yes      \_\_\_\_\_ no

# WASHTENAW COMMUNITY COLLEGE

## **Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2016

### **SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

# WASHTENAW COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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# WASHTENAW COMMUNITY COLLEGE

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2016

### 2015-001 - Reporting Disbursement of Pell Grants

The College reported Pell disbursements for 6 students who received Pell grants between July 1, 2014 and June 30, 2015 after the 30 day deadline. This finding was resolved during 2016.

