

Bay de Noc  
Community  
College



Year Ended  
June 30, 2019

Single Audit Act  
Compliance

# BAY DE NOC COMMUNITY COLLEGE

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

December 11, 2019

Board of Trustees  
Bay de Noc Community College  
Escanaba, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of *Bay de Noc Community College* (the "College") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 4, 2019, 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 College's basic financial statements. We did not audit the financial statements of the Bay de Noc Community College Foundation, the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Bay de Noc Community College Foundation, is based solely on the report of the other auditors. 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*

# BAY DE NOC COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

| 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 Cluster:                          |             |                |                               |                            |
| Federal Supplemental Educational Opportunity Grant (2018-2019) | 84.007      | Direct         | P007A181980                   | \$ 89,726                  |
| Federal Supplemental Educational Opportunity Grant (2017-2018) | 84.007      | Direct         | P007A171980                   | 2,340                      |
| Federal Work Study Program (2018-2019)                         | 84.033      | Direct         | PO33A181980                   | 153,503                    |
| Federal Pell Grant Program (2018-2019)                         | 84.063      | Direct         | P063P181624                   | 2,536,187                  |
| Federal Pell Grant Program (2017-2018)                         | 84.063      | Direct         | P063P171624                   | 41,280                     |
| Federal Direct Student Loan Program (2018-2019)                | 84.268      | Direct         | P268K191624                   | 2,760,443                  |
| Federal Direct Student Loan Program (2017-2018)                | 84.268      | Direct         | P268K181624                   | 6,632                      |
| Total Student Financial Assistance Cluster                     |             |                |                               | <u>5,590,111</u>           |
| TRIO Cluster:  |             |                |                               |                            |
| Student Support Services                                       | 84.042A     | Direct         | P042A150056                   | <u>300,152</u>             |
| Vocational Education - Basic Grants to States                  |             |                |                               |                            |
| Regional Allocation  | 84.048A     | MDE            | 193510                        | 141,532                    |
| Local Leadership   | 84.048A     | MDE            | 193250                        | 9,200                      |
| Total Vocational Education - Basic Grants to States            |             |                |                               | <u>150,732</u>             |
| <b>Total Expenditures of Federal Awards</b>                    |             |                |                               | <b><u>\$ 6,040,995</u></b> |

See accompanying notes to schedule of expenditures of federal awards.

# BAY DE NOC COMMUNITY COLLEGE

## Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of *Bay de Noc Community College* (the “College”) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the 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 net position, changes in net position or cash flows of the College.

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### 2. 10% DE MINIMIS COST RATE

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. PASS-THROUGH AGENCIES

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 Agency Abbreviation | Pass-through Agency Name |
|----------------------------------|--------------------------|
|----------------------------------|--------------------------|

|     |                                  |
|-----|----------------------------------|
| MDE | Michigan Department of Education |
|-----|----------------------------------|



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**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**

November 4, 2019

Board of Trustees  
Bay de Noc Community College  
Escanaba, 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 **Bay de Noc Community College** (the "College"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 4, 2019. Our report includes a reference to other auditors who audited the financial statements of the Bay de Noc Community College Foundation, the discretely presented component unit, as described in our report on the College's financial statements. The financial statements of the Bay de Noc Community College Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

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

December 11, 2019

Board of Trustees  
Bay de Noc Community College  
Escanaba, Michigan

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

We have audited the compliance of the *Bay de Noc 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Independent Auditors' 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 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 identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

**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 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 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.

***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.



# BAY DE NOC COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

### 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 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

Identification of major programs:

|                    |   |
|--------------------|---|
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|

|                                   |                                      |
|-----------------------------------|--------------------------------------|
| 84.007 / 84.033 / 84.063 / 84.268 | Student Financial Assistance Cluster |
|-----------------------------------|--------------------------------------|

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 750,000</u> |
|--|-------------------|

|  |                                |
|--|--------------------------------|
| Auditee qualified as low-risk auditee? | <u>  x  </u> yes      _____ no |
|--|--------------------------------|

# BAY DE NOC COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

# BAY DE NOC COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

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

None reported.

# BAY DE NOC COMMUNITY COLLEGE

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2019

No matters were reported.

