

Muskegon Community College
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2022



Muskegon Community College

CONTENTS

FINANCIAL REPORT AND INDEPENDENT AUDITOR'S REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
---	---

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.....	4
---	---

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	6
---	---

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	8
--	---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	9
--	---

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	11
--	----

CORRECTIVE ACTION PLAN	12
------------------------------	----

**INDEPENDENT AUDITOR'S 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***

Board of Trustees
Muskegon Community College
Muskegon, 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 Muskegon Community College and its discretely presented component unit as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Muskegon Community College's basic financial statements, and have issued our report thereon dated November 4, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Muskegon Community 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 Muskegon Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Muskegon Community 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 or significant deficiencies may exist that were not identified.

Board of Trustees
Muskegon Community College
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muskegon Community 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*.

Muskegon Community College’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Muskegon Community College’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Muskegon Community College’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity’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.



Muskegon, Michigan
November 4, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Muskegon Community College
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Muskegon Community College's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Muskegon Community College's major federal programs for the year ended June 30, 2022. Muskegon Community 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, Muskegon Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its 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 (*Government Auditing Standards*); 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* (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 to our report.

We are required to be independent of Muskegon Community 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 Muskegon Community 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 Muskegon Community College's federal programs.

Report on Compliance for Each Major Federal Program—Continued

Auditor's Responsibility 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 Muskegon Community 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 Muskegon Community 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 Muskegon Community 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 Muskegon Community 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 Muskegon Community 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

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.

Board of Trustees
Muskegon Community College
Page 3

Report on Internal Control Over Compliance—Continued

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. Given these limitation, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

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

We have audited the financial statements of Muskegon Community College as of and for the year ended June 30, 2022, and have issued our report thereon dated November 4, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



Muskegon, Michigan
November 4, 2022

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2022	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education</i>									
Direct Programs:									
Student Financial Assistance Cluster									
Federal Supplemental Educational Opportunity Grants									
P007A202052	84.007A	\$ 132,201	\$ 9,409	\$ -	\$ 9,409	\$ 132,201	\$ -	\$ -	\$ -
P007A212052		121,810	-	-	40,000	-	64,374	24,374	-
		<u>254,011</u>	<u>9,409</u>	<u>-</u>	<u>49,409</u>	<u>132,201</u>	<u>64,374</u>	<u>24,374</u>	<u>-</u>
Federal Work-Study Program									
P033A202052	84.033A	108,996	84,857	-	84,857	108,996	-	-	-
P033A212052		108,996	-	-	60,000	-	66,966	6,966	-
		<u>217,992</u>	<u>84,857</u>	<u>-</u>	<u>144,857</u>	<u>108,996</u>	<u>66,966</u>	<u>6,966</u>	<u>-</u>
Federal Pell Grant Program									
P063P201645	84.063P	3,999,631	949,631	-	949,631	3,999,631	-	-	-
P063P211645		4,208,370	-	-	3,400,000	-	4,208,990	808,990	-
P063Q191645		7,410	5	-	5	7,410	-	-	-
P063Q201645		6,445	760	-	760	6,445	-	-	-
P063Q211645		6,620	-	-	6,005	-	6,005	-	-
		<u>8,228,476</u>	<u>950,396</u>	<u>-</u>	<u>4,356,401</u>	<u>4,013,486</u>	<u>4,214,995</u>	<u>808,990</u>	<u>-</u>
Total Student Financial Assistance Cluster		8,700,479	1,044,662	-	4,550,667	4,254,683	4,346,335	840,330	-
TRIO Cluster									
TRIO—Upward Bound									
P047A170564	84.047A	1,433,722	31,565	-	255,066	983,995	255,292	31,791	-
Education Stabilization Fund									
Higher Education Emergency Relief Fund—Student Aid Portion									
COVID-19 P425E201590	84.425E	6,494,352	146,356	-	2,393,981	1,664,725	2,257,200	9,575	-
Higher Education Emergency Relief Fund—Institutional Portion									
COVID-19 P425F202250	84.425F	8,871,198	468,946	-	3,708,832	1,372,982	4,809,755	1,569,869	-
Higher Education Emergency Relief Fund—Strengthening Institutions Program									
COVID-19 P425M200332	84.425M	677,886	-	-	565,949	111,937	565,949	-	-
Total Education Stabilization Fund		<u>16,043,436</u>	<u>615,302</u>	<u>-</u>	<u>6,668,762</u>	<u>3,149,644</u>	<u>7,632,904</u>	<u>1,579,444</u>	<u>-</u>
Total Direct Programs		26,177,637	1,691,529	-	11,474,495	8,388,322	12,234,531	2,451,565	-

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2022	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education—Continued</i>									
Passed through Michigan Department of Education:									
Career and Technical Education—Basic Grants to States	84.048A								
Local Leadership									
213250-212520		\$ 9,200	\$ 2,300	\$ -	\$ 2,300	\$ 9,200	\$ -	\$ -	\$ -
223250-222520		9,200	-	-	-	-	9,200	9,200	-
		18,400	2,300	-	2,300	9,200	9,200	9,200	-
Local Annual									
213510-2121		236,591	136,591	-	136,591	236,591	-	-	-
223510-43		196,745	-	-	-	-	196,745	196,745	-
		433,336	136,591	-	136,591	236,591	196,745	196,745	-
Total passed through Michigan Department of Education		451,736	138,891	-	138,891	245,791	205,945	205,945	-
Total U.S. Department of Education		26,629,373	1,830,420	-	11,613,386	8,634,113	12,440,476	2,657,510	-
<i>U.S. Department of Labor</i>									
Passed through Grand Rapids Community College's Workforce Training:									
WIOA Pilots, Demonstrations, and Research Projects	17.261								
MI-25900-21-60-A-36		669,443	-	-	23,059	-	23,059	-	-
H-1B Job Training Grants	17.268								
HG-35916-21-60-A-26		1,083,729	-	-	110,184	-	110,184	-	-
Total U.S. Department of Labor		1,753,172	-	-	133,243	-	133,243	-	-
TOTAL FEDERAL ASSISTANCE		\$ 28,382,545	\$ 1,830,420	\$ -	\$ 11,746,629	\$ 8,634,113	\$ 12,573,719	\$ 2,657,510	\$ -

The accompanying notes are an integral part of this schedule.

Muskegon Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2022. 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 or change in net position of the College.

2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

4. The value of Guaranteed Student Loans for the year ended June 30, 2022 was \$997,639.

5. The value of Federal PLUS Loans for the year ended June 30, 2022 was \$41,230.

6. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2022 financial statements	
Restricted Fund	<u>\$ 12,573,719</u>
Expenditures per single audit report	
Schedule of Expenditures of Federal Awards	<u><u>\$ 12,573,719</u></u>

Muskegon Community College
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2022

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no
4. Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
84.425E, 84.425F and 84.425M	U.S. Department of Education • Education Stabilization Fund
5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CLIENT DOCUMENTS



Muskegon Community College

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 4, 2022

U.S. Department of Education
Washington, D.C.

Muskegon Community College respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2021 dated November 10, 2021.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings reported in relation to the financial statement audit for the year ended June 30, 2021.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001: Higher Education Emergency Relief Fund—Institutional Portion (HEERF) Suspension and Debarment Procedures

U.S. Department of Education

Direct program

CFDA/Assistance Listing Number: 84.425F

Award Numbers: P425F202250

Award Year End: May 18, 2022

Condition: During our detailed testing of suspension and debarment for the HEERF program, we noted that the College did not verify that its contractors and vendors receiving payments in excess of \$25,000 were not suspended or debarred prior to doing business with them.

Recommendation: The College should establish suspension and debarment procedures for verifying the eligibility of its contractors and vendors prior to entering into business contracts or transactions that equal or exceed \$25,000 in value. In addition, the College should retain supporting documentation of these verifications performed, such as the printing of vendor search results from the SAM.gov website.

Current Status: This recommendation was implemented during the year ended June 30, 2022. No similar finding was reported during the single audit for the year ended June 30, 2022.

Sincerely,

Beth Dick
Vice President of Finance and Chief Financial Officer



Muskegon Community College

CORRECTIVE ACTION PLAN

November 4, 2022

U.S. Department of Education
Washington, D.C.

Muskegon Community College respectfully submits the following Corrective Action Plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, MI 49443

Audit period: June 30, 2022

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2022 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* findings in relation to the major federal award programs.

If the U.S. Department of Education has questions regarding this plan, please call Beth Dick at (231) 777-0560.

Sincerely,

A handwritten signature in black ink that reads "Beth Dick".

Beth Dick
Vice President of Finance and Chief Financial Officer