



Year Ended  
June 30, 2012

Single Audit Act  
Compliance

# JACKSON COMMUNITY COLLEGE

## ■ Table of Contents

|                                                                                                                                                                                                                           | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditors' Report on the Schedule of Expenditures of Federal Awards                                                                                                                                            | 1           |
| Schedule of Expenditures of Federal Awards                                                                                                                                                                                | 2           |
| Notes to Schedule of Expenditures of Federal Awards                                                                                                                                                                       | 3           |
| 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 <i>Government Auditing Standards</i> | 4           |
| Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133             | 6           |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                 | 8           |
| Summary Schedule of Prior Audit Findings                                                                                                                                                                                  | 10          |



**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

November 2, 2012

Board of Trustees  
Jackson Community College  
Jackson, Michigan

We have audited the financial statements (not presented herein) of *Jackson Community College* as of and for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012. Our audit was conducted for the purpose of forming an opinion on the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, 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.



# JACKSON COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

| 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 Grants                     | 84.007      | Direct         | P007A102021                   | \$ 110,650                  |
| Federal Work-Study Program                                              | 84.033      | Direct         | P033A102021                   | 200,000                     |
| Federal Pell Grant Program                                              | 84.063      | Direct         | P063P101638                   | 16,340,981                  |
| Federal Direct Student Loans                                            | 84.268      | Direct         | P268K111638                   | 17,354,177                  |
|                                                                         |             |                |                               | <u>34,005,808</u>           |
| TRIO - Student Support Services                                         | 84.042A     | Direct         | P042A100484                   | <u>256,120</u>              |
| Title III Transforming Instruction and Student Services                 | 84.031A     | Direct         | P031A100120                   | <u>417,389</u>              |
| Vocational Education Basic Grant:                                       |             |                |                               |                             |
| Regional Allocation                                                     | 84.048A     | MDE            | 112110                        | 417,478                     |
| Perkins Local Leadership                                                | 84.048A     | MDE            | 112510                        | 17,943                      |
|                                                                         |             |                |                               | <u>435,421</u>              |
| College Access Challenge Grant Program                                  | 84.048A     | MCAN           | 09JCC-02                      | <u>75,000</u>               |
| Fund for the Improvement of Postsecondary Education                     | 84.116      | MCCA           | MCCA-01                       | <u>116</u>                  |
| <b>Total U.S. Department of Education</b>                               |             |                |                               | <u><u>35,189,854</u></u>    |
| <b>U.S. Department of Labor</b>                                         |             |                |                               |                             |
| Workforce Investment Act Cluster:                                       |             |                |                               |                             |
| ARRA WIA Adult Program                                                  | 17.258      | SCMW           | 09JCC-02                      | 117,816                     |
| ARRA WIA Youth Activities Program                                       | 17.259      | SCMW           | 09JCC-02                      | 128,567                     |
| ARRA WIA Dislocated Workers Program                                     | 17.260      | SCMW           | 09JCC-02                      | 229,935                     |
|                                                                         |             |                |                               | <u>476,318</u>              |
| ARRA Employment Services/<br>Wagner-Peyser Funded Activities            | 17.207      | SCMW           | 09JCC-02                      | <u>179,876</u>              |
| Trade Adjustment Assistance                                             | 17.245      | SCMW           | 09JCC-02                      | <u>144,984</u>              |
| <b>Total U.S Department of Labor</b>                                    |             |                |                               | <u><u>801,178</u></u>       |
| <b>U.S. Department of Health and Human Services</b>                     |             |                |                               |                             |
| Temporary Assistance for Needy Families                                 | 93.558      | SCMW           | 09JCC-02                      | <u>297,405</u>              |
| <b>U.S. Department of Energy</b>                                        |             |                |                               |                             |
| ARRA Weatherization Assistance<br>Program Training Centers and Programs | 81.042      | HOPE           | EE0003949                     | <u>144,114</u>              |
| <b>U.S. Department of Commerce</b>                                      |             |                |                               |                             |
| Broadband Technology Opportunities Program                              | 11.557      | MSU            | 26-43B10592                   | <u>226,548</u>              |
| <b>Total Expenditures of Federal Awards</b>                             |             |                |                               | <u><u>\$ 36,659,099</u></u> |

See notes to schedule of expenditures of federal awards.

# JACKSON 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 Jackson Community College (the "College") under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 assets, 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. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, 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. Pass-through entity identifying numbers are presented where available.

### 3. 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               |
|----------------------------------|----------------------------------------|
| HOPE                             | Focus HOPE                             |
| MCAN                             | Michigan College Access Network        |
| MCCA                             | Michigan Community College Association |
| MDE                              | Michigan Department of Education       |
| MSU                              | Michigan State University              |
| SCMW                             | South Central Michigan Works!          |



**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 2, 2012

Board of Trustees  
Jackson Community College  
Jackson, Michigan

We have audited the basic financial statements (not presented herein) of *Jackson Community College* (the "College") as of and for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012. We conducted our audit 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 Jackson Community College Foundation, a blended component unit of the College, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of Jackson Community College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jackson Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described as item 2012-FS-1 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency in internal control over financial reporting. 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.

### Compliance and Other Matters

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

Jackson Community College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jackson Community College's response and, accordingly, we express no opinion on it.

We noted certain other matters that we reported to management of Jackson Community College in a separate letter dated November 2, 2012.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink that reads "Rehmann Johnson". The signature is written in a cursive style with a large, prominent initial 'R'.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

November 2, 2012

Board of Trustees  
Jackson Community College  
Jackson, Michigan

**Compliance**

We have audited the compliance of *Jackson Community College* with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Jackson Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jackson Community College's management. Our responsibility is to express an opinion on Jackson Community College's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Jackson Community 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. Our audit does not provide a legal determination of Jackson Community College's compliance with those requirements.

In our opinion, Jackson Community College complied, in all material respects, with the 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, 2012.

## Internal Control Over Compliance

Management of Jackson Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jackson Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Jackson Community 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it is a matter of public record, and its distribution is not limited.



# JACKSON COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified?

X  yes      \_\_\_\_\_ 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 major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

\_\_\_\_\_ yes       X  no

Identification of major programs:

#### CFDA Number

84.007, 84.033, 84.063, 84.268  
84.048A  
84.031A

#### Name of Federal Program or Cluster

Student Financial Assistance Cluster  
Vocational Education Basic Grant  
Title III Transforming Instruction and Student Services Grant

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

\$ 300,000

Auditee qualified as low-risk auditee?

X  yes      \_\_\_\_\_ no

# JACKSON COMMUNITY COLLEGE

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2012

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2012-FS-1 - External Financial Statement Preparation

**Finding Type.** Significant Deficiency in Internal Control over Financial Reporting.

**Criteria.** Management is responsible for presenting its financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition.** During our audit, we identified and proposed certain adjustments (which were approved and posted by management) to adjust the College's general ledger to the appropriate balances.

**Cause.** This condition was the result of various unrelated oversights in the closing process.

**Effect.** As a result of this condition, the College's financial statements were initially misstated by the amount of the recorded adjusting and reclassifying audit adjustments.

**Recommendation.** Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustments.

**View of Responsible Officials.** Management agrees with the adjustments proposed by its auditors, and they have been posted in the College's records.

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

No matters were reported.

## JACKSON COMMUNITY COLLEGE

### Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2012

#### Finding 2011-1 - Internal Controls over Compliance - CFDA #84.048A - Vocational Education Basic Grant

During the prior year, the College did not complete verifications for suspension and debarment for two vendors with whom the College had purchases of greater than \$25,000. The College revised its procedures in the current year, and this finding was corrected.