



Year Ended
June 30, 2020

Single Audit Act
Compliance

Rehmann

JACKSON COLLEGE

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

March 9, 2021

Board of Trustees
Jackson College
Jackson, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of **Jackson College** (the "College") as of and for the year ended June 30, 2020, 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, 2020, 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	Direct	P007A172021	\$ 145,784
Federal Work-Study Program	84.033	Direct	P033A172021	244,523
Federal Pell Grant Program	84.063	Direct	P063P171638	10,850,191
Federal Direct Student Loans	84.268	Direct	P268K171638	<u>10,716,253</u>
Total Student Financial Assistance Cluster				<u>21,956,751</u>
Trio Cluster:				
TRIO - Student Support Services	84.042A	Direct	P042A150788	<u>276,321</u>
Covid-19 - Higher Education Emergency Relief Fund				
Institutions of Higher Education - Student Aid	84.425E	Direct	P425E200961	103,000
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Institutional	84.425F	Direct	P425F201797	<u>913,773</u>
Total Covid-19 - Higher Education Emergency Relief Fund				<u>1,016,773</u>
Vocational Education Basic Grant:				
Regional Allocation	84.048A	MDE	203510-2021	381,393
Local Leadership	84.048A	MDE	203250-202510	9,200
Total Vocational Education Basic Grant				<u>390,593</u>
Total Expenditures of Federal Awards				<u>\$ 23,640,438</u>

See notes to schedule of expenditures of federal awards.

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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 Jackson College (the "College") under programs of the federal government for the year ended June 30, 2020. 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 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 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
MDE	Michigan Department of Education

4. COVID-19 HIGHER EDUCATION EMERGENCY RELIEF FUND

Under the legislation of the Coronavirus Aid, Relief, and Economic Security Act, no less than 50% of the full grant must be used for direct emergency aid to students. As of June 30, 2020, the College spent \$103,000 of the student portion and \$913,733 of the institutional portion from funds awarded through the Education Stabilization Fund through the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for the Higher Education Emergency Relief Fund (HEERF), which was enacted into law on March 28, 2020. In accordance with generally accepted accounting principles, the College recognized revenue of \$206,000 related to the student and institutional portions and the remaining institutional portion of \$810,773 was recorded in unearned revenue as of June 30, 2020. The institutional portion of the grant was used to waive online fees related the pandemic for students.

JACKSON COLLEGE

Notes to Schedule of Expenditures of Federal Awards

A reconciliation of the Covid-19 - Higher Education Emergency Relief Fund presented in the Schedule to the amounts presented in the financial statements is as follows:

Covid-19 - Higher Education Emergency Relief Fund revenue as reported in the financial statements	\$ 206,000
Amounts recorded as deferred revenue	<u>810,773</u>
Total COVID-19 Higher Education Emergency Relief Fund Expenditures as reported on the Schedule	<u>\$ 1,016,773</u>
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Student Aid per Schedule	\$ 103,000
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Institutional per Schedule	<u>913,773</u>
Total COVID-19 Higher Education Emergency Relief Fund Expenditures as reported on the Schedule	<u>\$ 1,016,773</u>

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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, 2020

Board of Trustees
Jackson College
Jackson, 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 **Jackson College** (the "College"), as of and for the year ended June 30, 2020, 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, 2020. The financial statements of the Lansing Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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 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.

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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 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*.

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.

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

March 9, 2021

Board of Trustees
Jackson College
Jackson, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Jackson College** (the "College") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are 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 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). 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 each of the major federal programs. However, our audit does not provide a legal determination of the College's compliance.

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Opinion on Each 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 each of its major federal programs for the year ended June 30, 2020.

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. 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.

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

JACKSON COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

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

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 and type of auditors' report issued on compliance for each major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster	Unmodified
84.425	Covid 19- Higher Education Emergency Relief Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



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■ Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2020

No matters were reported.

