



Year Ended
June 30, 2021

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

November 3, 2021

Board of Trustees
Jackson College
Jackson, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component units of **Jackson College** (the "College") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 3, 2021, 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, 2021

Federal Agency / Cluster / Program Title	Assistant Listing 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	P007A202021	\$ 417,122
Federal Work-Study Program	84.033	Direct	P033A202021	29,107
Federal Pell Grant Program	84.063	Direct	P063P201638	9,664,047
Federal Direct Student Loans	84.268	Direct	P268K211638	6,613,830
Total Student Financial Assistance Cluster				<u>16,724,106</u>
Trio Cluster:				
TRIO - Student Support Services	84.042A	Direct	P042A200068	<u>226,969</u>
Covid-19 - Higher Education Emergency Relief Fund - Strengthening Institutions Program				
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Student Aid	84.425M	Direct	P425M200358-20B	524,189
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Student Aid	84.425E	Direct	P425E200961	3,533,525
Covid-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Institutional	84.425F	Direct	P425F201797	5,267,691
				<u>9,325,405</u>
Vocational Education Basic Grant:				
Regional Allocation	84.048A	MDE	213510-2121	430,032
Local Leadership	84.048A	MDE	213250-2125102	9,200
				<u>439,232</u>
Total U.S. Department of Education				<u>26,715,712</u>
U.S. Department of Treasury				
COVID -19 - Coronavirus Relief Fund - FY20	21.019	MDE	AUG2020-JACKSON-CRF	294,585
COVID -19 - Coronavirus Relief Fund - FY21	21.019	MDE	AUG2020-JACKSON-CRF	1,135,015
				<u>1,429,600</u>
U.S. Department of Health and Human Services, Centers for Disease Control and Prevention (CDC)				
Improving Clinical and Public Health Outcomes through National Partnerships to Prevent and Control Emerging and Re-emerging Infectious Disease Threats				
	93.318	LFI	87728	<u>4,303</u>
Total Expenditures of Federal Awards				<u>\$ 28,149,615</u>

See notes to schedule of expenditures of federal awards.

JACKSON 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 Jackson College (the "College") under programs of the federal government for the year ended June 30, 2021. 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 2 to the College's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented

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
LFI	League for Innovation



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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 3, 2021

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 units of **Jackson College** (the "College"), as of and for the year ended June 30, 2021, 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 3, 2021. The financial statements of the Jackson College Foundation and Jackson College Dormitories 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.

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

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

November 3, 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 of the College's major federal programs for the year ended June 30, 2021. 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 each 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, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on the major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Rehmann Lohman LLC

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

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? X yes none reported

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

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

<u>Assisting Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
21.019	COVID -19 - Coronavirus Relief Fund	Unmodified
84.425	COVID -19 - Higher Education Emergency Relief Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 844,488

Auditee qualified as low-risk auditee? X yes no

JACKSON COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

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, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 - Allowable Costs/Cost Principles

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Programs. COVID-19 - Higher Education Emergency Relief Fund; Assisting Listing Number 84.425

Criteria. The College may discharge student debt of students who were enrolled on or after March 13, 2020 to be eligible to be reimbursed with HEERF grant funds.

Condition. Four students were not enrolled in the appropriate time period and had their student debt discharged totaling \$400, and the College was reimbursed with HEERF institutional grant funds.

Cause. When the College compiled a listing of students for allowability of discharge of debt, four students were included in the population in error.

Effect. As a result of this condition, the College did not fully comply with the requirements that all students that had outstanding debt discharged be enrolled on or after March 13, 2020.

Questioned Costs. No costs were required to be questioned as a result of this finding as the amounts did not meet the threshold for reporting.

Recommendation. We recommend that the College return the funds for the four students to the Department of Education.

View of Responsible Officials. Management believes this was an isolated incident and has prepared a Corrective Action Plan.



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Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2021

No matters were reported.



CORRECTIVE ACTION PLAN

The compliance audit identified one finding described in the Schedule of Findings and Questioned Costs. We evaluated the matter as described below and have described our corrective action as a result.

2021-001 – Allowable Costs/Cost Principles

Management Assessment and Planned Corrective Action: The College concurs with the finding regarding the four students who received a discharge of debt but were not enrolled during the appropriate time period and believes this was an isolated error. The College has corrected the discharge of debt entry. The College reduced a future drawdown of funds from the Department of Education by \$400.

Responsible Party: Darrell Norris, Vice President of Finance

Date of Planned Correction Action: The College's review, correction of the entry related to this finding and return of funds, via a reduction in a future drawdown, have been completed.

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