



Year Ended  
June 30, 2024

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 26, 2025

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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 17, 2024, 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.

*Rehmann Lobson LLC*



# JACKSON COLLEGE

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing 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 2023/2024 Grant Year	84.007	Direct	P007A232021	\$ 257,723
Federal Work-Study Program 2023/2024 Program Year	84.033	Direct	P033A232021	231,205
Federal Pell Grant Program 2023/2024 Grant Year	84.063	Direct	P063P231638	12,166,856
Federal Direct Student Loans 2023/2024 Grant Year	84.268	Direct	P268K241638	<u>6,035,275</u>
Total Student Financial Assistance Cluster				<u>18,691,059</u>
TRIO Cluster:				
TRIO - Student Support Services 2023/2024 Services	84.042A	Direct	P042A200068	<u>266,348</u>
COVID-19 - Education Stabilization Fund:				
COVID-19 - Reimagine Workforce Preparation	84.425G	MiLEAP	MiLEAP_SEMCA023	<u>75,917</u>
Career and Technical Education - Basic Grants to States:				
Regional Allocation	84.048A	MDE	243510-2421	596,359
Perkins Local Leadership	84.048A	MDE	233250-2525-10	<u>9,200</u>
				<u>605,559</u>
Fund for the Improvement of Postsecondary Education				
Astronomy & Astrophysics Program	84.116Z	Direct	P116Z230241	<u>294,092</u>
<b>Total U.S. Department of Education</b>				<u><b>19,932,975</b></u>
<b>U.S. Department of Labor</b>				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Michigan Electric Vehicle Jobs Academy	17.258			
	17.259			
	17.278	MDL	MSC 221030-CV	<u>61,580</u>
<b>U.S. Department of Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds:				
Michigan Reconnect Age Expansion Grant	21.027	MiLEAP	SLFRP0127	<u>633,022</u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 20,627,577</b></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, 2024. 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 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 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
MiLEAP	Michigan Department of Lifelong Education, Advancement, and Potential
MDL	Michigan Department of Labor and Economic Opportunity

# JACKSON COLLEGE

## Notes to Schedule of Expenditures of Federal Awards

### 4. RECONCILIATION TO FINANCIAL STATEMENTS

A reconciliation of the amounts presented in the Schedule to the amounts presented in the financial statements is as follows:

Federal revenue as reported in the financial statements:

Federal grants and contracts	\$ 4,587,927
Pell grant revenue	12,166,856
Less: State funding reported within federal grants and contracts in the financial statements	<u>(2,162,481)</u>
Total federal revenue within the financial statements	<u>\$ 14,592,302</u>

Schedule of expenditures of federal awards:

Total federal awards per Schedule	\$ 20,627,577
Less: Direct loans, not recorded as revenue in the financial statements	<u>(6,035,275)</u>
	<u>\$ 14,592,302</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***

March 26, 2025

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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 17, 2024.

***Report on 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.



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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

#### ***Report on 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*.

#### ***Jackson College's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the finding identified in our audit and 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 the financial statements and, accordingly, we express no opinion on it.

#### ***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 Lohman 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

March 26, 2025

Board of Trustees  
Jackson College  
Jackson, Michigan

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the compliance of **Jackson College** (the "College") 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 the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

#### *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; 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 *Independent Auditors' Responsibilities for the Audit of Compliance* section of our report.

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

### ***Independent Auditors' Responsibilities 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 the 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 the 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 the 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 the 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 the 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Independent Auditors' 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 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, as described below, we did identify deficiencies in internal control over compliance that are considered to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be significant deficiencies.

*Government Auditing Standards* require the auditor to perform limited procedures on the College's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

### **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 Lohman LLC". The signature is written in a cursive, flowing style.

# JACKSON COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

### 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?       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?       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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster	Unmodified

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

\$          750,000

Auditee qualified as low-risk auditee?

      X       yes                    no

# JACKSON COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### 2024-001 – Preparation of Schedule of Expenditures of Federal Awards (SEFA)

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

**Criteria.** The Uniform Guidance requires the College to identify all federal awards received and expended and the federal programs under which they were received and prepare a schedule of expenditures of federal awards ("SEFA"). The schedule must list individual federal programs by federal agency, the pass-through entity and identifying number assigned to the pass-through entity, the total federal awards expended for each individual federal program and the assistance listing number, the total amount provided to subrecipients from each federal program, the loan or loan guarantee programs, and notes to the schedule. In addition, the schedule should reconcile to the amount of federal grants and contracts included in the College's financial statements.

**Condition.** While management was able to provide us with a complete schedule of expenditures of federal awards during audit fieldwork, the expenditures for a certain state grant were improperly included as a result of the College being a subrecipient of a similar federal program passed through the state. This led to a misclassification of revenue in the financial statements. Federal grants and contracts were overstated by approximately \$2,100,000, and state grants and contracts were understated by approximately \$2,100,000.

**Cause.** The College's internal controls did not identify the necessary elements to prepare a complete and reconciled SEFA, and insufficient review of grant documentation to ensure compliance with Uniform Guidance.

**Effect.** The College's SEFA preparation process did not ensure all federal grants were reported accurately on the SEFA. These errors resulted in several revisions to the SEFA during the audit process, and a misstatement of revenue classification in the financial statements.

**Recommendation.** The College should evaluate its processes to ensure that the SEFA is prepared in accordance with the Uniform Guidance and reconciled to its accounting records.

**View of Responsible Officials.** Management agrees with this finding and has prepared a Corrective Action Plan.

# JACKSON COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

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

#### 2024-002 - Untimely Reporting of Student Disbursements

**Finding Type.** Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

**Program.** Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Number 84.063; Award Number P063P231638.

**Criteria.** According to 2 CFR § 200.328, recipients of federal awards must submit financial reports as required by the Federal award. For Title IV programs, the Department of Education mandates that disbursement records for Pell grants be submitted to the Common Origination and Disbursement system no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.

**Condition.** One student of the forty students selected for testing received a disbursement that was not reported to the federal government within the required timeframe.

**Cause.** Due to system errors, the College was not able to timely file the report with the Common Origination and Disbursement timely.

**Effect.** As a result of this condition, the College did not fully comply with the requirements to report disbursements within 15 days of disbursing funds.

**Questioned Costs.** No costs were required to be questioned as a result of this finding, in as much of our testing did not reveal any unallowed costs.

**Repeat Finding.** Yes, 2023-001 in prior year.

**Recommendation.** We recommend that the College implement policies and procedures, including designating an individual to oversee this reporting requirement, to ensure information is submitted to the Common Origination and Disbursement in a timely manner.

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

# JACKSON COLLEGE

## Schedule of Findings and Questioned Costs

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

#### 2024-003 Michigan Reconnect Expansion Refund Calculation Error

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

**Program.** Coronavirus State and Local Fiscal Recovery Funds; U.S. Department of Treasury; Assistance Listing Number 21.027; Award Number SLFRP0127.

**Criteria.** As outlined in the Michigan Reconnect Expansion program guide, the Reconnect scholarship program is a last-dollar scholarship, which is equal to the difference between in-district tuition and fees (i.e., tuition, contact hours and mandatory fees) and any Pell Grant and any state tuition-restricted scholarships or awards that a student receives following the packaging order.

**Condition.** We noted that two students out of a testing population of forty whose disbursement amounts were not calculated correctly.

**Cause.** The College does not have a formal review process where a second individual looks over the disbursement calculations to ensure errors are caught before the disbursements are processed.

**Effect.** As a result of this condition, two calculations for the grant were incorrect, resulting in an overpayment of \$224.

**Questioned Costs.** No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs over the \$25,000 threshold.

**Repeat Finding.** N/A

**Recommendation.** We recommend that the College implement a review process to ensure that any disbursements are being reviewed for accuracy by an independent second individual prior to any disbursement.

**View of Responsible Officials.** Management agrees with this finding and has prepared a Corrective Action Plan.



## JACKSON COLLEGE

### Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

#### **2023-001 - Untimely Reporting of Student Disbursements**

It was noted that six students out of the 40 tested received disbursements that were not reported timely to Common Origination and Disbursement. This matter was repeated in the current year, see 2024-001.

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