

Schoolcraft College

**Federal Awards
Supplemental Information
June 30, 2015**

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

We have audited the financial statements of Schoolcraft College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 19, 2015, which contained unmodified opinions on the financial statements of the College and its discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 19, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit 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.

Plante & Moran, PLLC

October 19, 2015

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*

Independent Auditor's Report

To Management and the Board of Trustees
Schoolcraft College

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 Schoolcraft College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 19, 2015. The financial statements of the discretely presented component unit 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 Schoolcraft College's internal control over financial reporting (internal control) to determine the 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 College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Trustees
Schoolcraft College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Schoolcraft 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 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*.

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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 19, 2015

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

Report on Compliance for Each Major Federal Program

We have audited Schoolcraft College's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2015. Schoolcraft College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Schoolcraft 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 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 Schoolcraft 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 major federal program. However, our audit does not provide a legal determination of Schoolcraft College's compliance.

To the Board of Trustees
Schoolcraft College

Opinion on Each Major Federal Program

In our opinion, Schoolcraft 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, 2015.

Report on Internal Control Over Compliance

Management of Schoolcraft 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 Schoolcraft 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 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 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

To the Board of Trustees
Schoolcraft College

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 19, 2015

Schoolcraft College

Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-through or Entity Identifying Number	College Grant Number	Federal Expenditures
Student Financial Aid Cluster - U.S. Department of Education:				
Federal Pell Grant Program	84.063	P063P141652	45-5658	\$ 16,159,772
Federal Supplemental Educational Opportunity Grants	84.007	P007A142073	45-5653	365,905
Federal Work-Study	84.033	P033A142073	45-5655	182,412
Federal Direct Student Loans (Note 2)	84.268	P268K141652	45-5662	<u>12,280,196</u>
Total Student Financial Aid Cluster				28,988,285
Highway Safety Cluster - U.S. Department of Transportation: Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU):				
Motorcycle Safety Training 2015 - Passed through the State of Michigan Department of State	20.616	NA	40-3221	55,079
Motorcycle Safety Training 2014 - Passed through the State of Michigan Department of State	20.616	NA	40-3220	<u>16,201</u>
Total Highway Safety Cluster				71,280
Other Federal Awards:				
U.S. Department of Education - Carl D. Perkins Program Cluster - Passed through the State of Michigan Department of Education - Vocational Education - Basic Grants to States	84.048	Various	Various	539,316
U.S. Department of Defense (Defense Logistics Agency) - Procurement Technical Assistance for Business Firms - Cost Sharing Cooperative Agreement - 2015	12.002	SP4800-14-2-1418	40-3348	276,715
U.S. Small Business Administration - Passed through the Michigan Small Business Development Center:				
Satellite Office 2015 - Passed through Eastern Michigan University	59.037	NA	40-3347	21,441
Satellite Office 2014 - Passed through Eastern Michigan University	59.037	NA	40-3345	<u>19,856</u>
Total Michigan Small Business Development Center				41,297
U.S. Department of Labor - Employment and Training Administration - Trade Adjustment Assistance Community College and Career Training Grants Program (TAACCCT-MCAM)	17.282	TC-25072-13-60-A-26	40-3346	<u>300,632</u>
Total Federal Awards				<u><u>\$ 30,217,525</u></u>

Schoolcraft College

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Schoolcraft College under programs of the federal government for the year ended June 30, 2015. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Schoolcraft College, it is not intended to and does not present the financial position, changes in net position, or cash flows, if applicable, of Schoolcraft College. Pass-through entity identifying numbers are presented where available.

Note 2 - Loans Outstanding

Schoolcraft College participates in the Federal Direct Loan Program (CFDA Number 84.268). This program is considered a component of the Student Financial Aid Cluster. New loans processed for eligible students during the year ended June 30, 2015 were as follows:

<u>Cluster/Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Student Financial Aid Cluster/Federal Direct Loan Program - Subsidized	84.268	\$ 6,050,787
Student Financial Aid Cluster/Federal Direct Loan Program - Unsubsidized	84.268	<u>6,229,409</u>
	Total	<u>\$ 12,280,196</u>

Schoolcraft College

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Note 3 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2014, the College carried forward \$24,499 of the 2013-2014 Federal Work Study Program (84.033) award and \$36,352 of the 2013-2014 Federal Supplemental Educational Program (84.007) award, which it spent in the 2014-2015 award year. In addition, in the year ended June 30, 2015, the College carried forward \$31,038 of the 2014-2015 Federal Work Study Program (84.033) award and \$38,092 of the 2014-2015 Federal Supplemental Educational Program (84.007) award, which it intends to spend in the 2015-2016 award year.

Schoolcraft College

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033, and 84.268	Student Financial Aid Cluster
17.282	Trade Adjustment Assistance Community College and Career Training Grants Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None