Community College District of
Monroe County, Michigan
d/b/a Monroe County Community College

Federal Awards
Supplemental Information
June 30, 2012
Community College District of Monroe County, Michigan d/b/a Monroe County Community College

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Independent Auditor's Report

To the Board of Trustees
Community College District of Monroe
   County, Michigan d/b/a Monroe County
   Community College

We have audited the basic financial statements of Community College District of Monroe County, Michigan d/b/a Monroe County Community College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2012 and have issued our report thereon dated January 4, 2013, which contained unqualified opinions on those financial statements. These basic financial statements are the responsibility of the management of Community College District of Monroe County, Michigan d/b/a Monroe County Community College. Our responsibility is to express opinions on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited financial statements subsequent to January 4, 2013.

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 Monroe County Community College Foundation were not audited in accordance with Government Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community College District of Monroe County, Michigan d/b/a Monroe County Community College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis 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.

Cooley Hehl Wohlgamuth & Carlton, P.L.C.

January 4, 2013
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 the Board of Trustees
Community College District of Monroe
County, Michigan d/b/a Monroe County Community College

We have audited the financial statements of Community College District of Monroe County, Michigan d/b/a Monroe County Community College (the “College”) and its discretely presented component unit as of and for the year ended June 30, 2012 and have issued our report thereon dated January 4, 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 Monroe County Community College Foundation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

Management of Community College District of Monroe County, Michigan d/b/a Monroe County Community College is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered the College’s internal control over financial reporting as a basis for designing our auditing procedures 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 entity’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity’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.
To the Board of Trustees  
Community College District of Monroe  
County, Michigan d/b/a Monroe County  
Community College

Internal Control Over Financial Reporting

Our consideration of internal control over financial reporting 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College’s financial statements are free of material misstatements, 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.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, 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.

January 4, 2012
Cooley Hehl
Wohlgamuth & Carlton
P. L. L. C.
Certified Public Accountants

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Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Report on Compliance with Requirements That Could Have a Direct
and Material Effect on the Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

Independent Auditor’s Report

To the Board of Trustees
Community College District of Monroe
County, Michigan d/b/a Monroe County
Community College

Compliance

We have audited the compliance of the Community College District of Monroe County, Michigan d/b/a Monroe County Community College (the “College”) 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 its major federal program for the year ended June 30, 2012. The major federal program of Community College District of Monroe County, Michigan d/b/a Monroe County Community College is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the College’s management. Our responsibility is to express an opinion on the 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 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 on the College’s compliance with those requirements.
To the Board of Trustees
Community College District of Monroe
   County, Michigan d/b/a Monroe County Community College

Compliance

In our opinion, Community College District of Monroe County, Michigan d/b/a Monroe County Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Community College District of Monroe County, Michigan d/b/a Monroe County 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 the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 the entity'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.

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 management, the board of trustees, others within the entity, 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.

Cooley, Hellwegamett, Carter, PLLC

January 4, 2013
# Community College District of Monroe County, Michigan d/b/a Monroe County Community College

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

<table>
<thead>
<tr>
<th>Federal Agency/Pass-through Agency/Program Title</th>
<th>Pass-through Entity</th>
<th>Award Amount</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Education:</strong></td>
<td>CFDA Number</td>
<td>Grant Identifying Number</td>
<td></td>
</tr>
<tr>
<td>Student Financial Aid Cluster:</td>
<td>84.063</td>
<td>P063P111643</td>
<td>$6,327,782</td>
</tr>
<tr>
<td>Pell Grant</td>
<td>84.063</td>
<td>P063P111643</td>
<td>11,890</td>
</tr>
<tr>
<td>Pell Administrative Cost Allowance</td>
<td>84.033</td>
<td>P033A112048</td>
<td>25,000</td>
</tr>
<tr>
<td>Federal Work Study</td>
<td>84.007</td>
<td>P007A112048</td>
<td>80,000</td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant</td>
<td>84.268</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total Student Financial Aid Cluster</strong></td>
<td>84.268</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Trio Cluster - U.S. Department of Education:</strong></td>
<td>84.047</td>
<td>P04A070133</td>
<td>250,000</td>
</tr>
<tr>
<td>Upward Bound 9/1/10 - 8/31/11</td>
<td>84.047</td>
<td>P04A070133</td>
<td>242,250</td>
</tr>
<tr>
<td>Upward Bound 9/1/11 - 8/31/12</td>
<td>84.047</td>
<td>P04A070133</td>
<td>422,000</td>
</tr>
<tr>
<td><strong>Total Trio Cluster</strong></td>
<td>492,250</td>
<td>235,621</td>
<td></td>
</tr>
<tr>
<td><strong>Statewide Data Systems Cluster - U.S. Department of Education:</strong></td>
<td>84.372A</td>
<td>STARR</td>
<td>23,674</td>
</tr>
<tr>
<td>State of Michigan Center for Educational Performance and Information:</td>
<td>84.372A</td>
<td>STARR</td>
<td>23,674</td>
</tr>
<tr>
<td>Statewide Longitudinal Data Systems</td>
<td>84.394A</td>
<td>STARR</td>
<td>23,674</td>
</tr>
<tr>
<td><strong>Total Statewide Data Systems Cluster</strong></td>
<td>26,000</td>
<td>26,000</td>
<td></td>
</tr>
<tr>
<td><strong>Other federal awards:</strong></td>
<td>84.046A</td>
<td>123250</td>
<td>18,400</td>
</tr>
<tr>
<td>U.S. Department of Education - Vocational Education - Passed through the Michigan Department of Education:</td>
<td>84.046A</td>
<td>123270</td>
<td>5,930</td>
</tr>
<tr>
<td>Local Leadership</td>
<td>84.046A</td>
<td>123510</td>
<td>187,013</td>
</tr>
<tr>
<td><strong>Total Vocational Education</strong></td>
<td>211,343</td>
<td>215,457</td>
<td></td>
</tr>
<tr>
<td><strong>U.S. Department of Education - WIA Title II Adult Education State Grant Program - Passed through the state of Michigan</strong></td>
<td>84.002A</td>
<td>121150-122745</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>U.S. Department of Labor - CBJT Welding Grant</strong></td>
<td>17.269</td>
<td>CB182040906A26</td>
<td>1,715,148</td>
</tr>
<tr>
<td><strong>U.S. Department of Education - Title III Strengthening Institutions Program</strong></td>
<td>84.031A</td>
<td>P031A090067</td>
<td>631,712</td>
</tr>
<tr>
<td><strong>U.S. Department of Education - Alternative Energy Earmark</strong></td>
<td>84.116Z</td>
<td>P116Z100159</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>U.S. Department of Education - Alternative Energy Earmark - Passed through the MCCCA</strong></td>
<td>84.116Z</td>
<td>P116Z090313</td>
<td>132,300</td>
</tr>
<tr>
<td><strong>U.S. Department of Labor - Defense Sector Training and Employment Grant through Macomb CC</strong></td>
<td>17.275</td>
<td>N/A</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total federal awards</strong></td>
<td>$10,053,425</td>
<td>$12,358,782</td>
<td></td>
</tr>
</tbody>
</table>

See Notes to Schedule of Expenditures of Federal Awards.
Community College District of Monroe County, Michigan d/b/a Monroe County Community College

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

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 Community College District of Monroe County, Michigan d/b/a Monroe County Community College under programs of the federal government for the year ended June 30, 2012. 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 Community College District of Monroe County, Michigan d/b/a Monroe County Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Community College District of Monroe County, Michigan d/b/a Monroe County Community College. Pass-through entity identifying numbers are presented where available.

Note 2 - Grantor Section Auditor’s Report

Management has utilized Form R-1720 and the cash management system (CMS) grantor auditor report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.
Community College District of Monroe County, Michigan d/b/a Monroe County Community College

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes ___ X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes ___ X None reported
- Noncompliance material to financial statements noted? ___ Yes ___ X No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ Yes ___ X No

Identification of major program:

CFDA Numbers Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268 Student Financial Aid Cluster

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

Audittee qualified as low-risk audittee? ___ X Yes ___ No
Community College District of Monroe County, Michigan d/b/a Monroe County Community College

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None
Community College District of Monroe County, Michigan d/b/a Monroe County Community College

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

<table>
<thead>
<tr>
<th>Finding Number</th>
<th>Federal Program</th>
<th>Original Finding Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-01 SSCR Reporting</td>
<td></td>
<td>The auditors found several students in their sample who graduated on April 30, 2011, but their enrollment status changes were not reported to the National Student Clearinghouse until July 5, 2011, which was the next scheduled transmission date. There was a 66-day lag and the changes should have been reported within 60 days.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>When the annual transmission schedule was set up for the 2010-2011 year, the start and end dates for the winter, spring, and summer semesters were being negotiated. The enrollment reporting dates were originally set up in Datatel and with the National Student Clearinghouse similar to the prior year dates. When the faculty later negotiated to start a week earlier for the winter semester, it resulted in the semester ending a week earlier than prior years and the transmission schedule did not get updated after the winter semester dates were established.</td>
<td></td>
</tr>
</tbody>
</table>

This issue has been corrected. For 2011-2012, the Registrar’s Office adjusted its enrollment status reporting cycle to the National Student Clearinghouse from once every 60 days to once every 30 days during the required reporting periods. Moving to a cycle of reporting enrollment every 30 days ensures that the Registrar’s Office has adequate time to meet reporting deadlines if the start and end dates of a semester are adjusted.
For the 2010-2011 financial aid year, in the auditors' R2T4 testing, there were two students they selected for testing where the order of repayment was not proper. The financial aid office researched the issue to determine why subsidized loan funds were returned before unsubsidized loan funds for these students, and identified the cause of the problem to be a loan fund code set-up in Datatel Colleague; the set-up includes specifying the order in which funds are returned in R2T4 calculation. For 2010-2011, the fund codes were set-up in reverse order for R2T4. As a result, any student who did not complete more than 60 percent of the semester and had both subsidized and unsubsidized loan funds was impacted. The financial aid office reviewed all of the R2T4 calculations completed for the 2010-2011 financial aid year, and there were 61 students who were subject to R2T4, completed 60 percent or less of the term, and had both subsidized and unsubsidized loan funds. In each case, the dollar amount of unearned aid calculated was correct; however, subsidized loan funds were returned before unsubsidized loan funds for these 61 students.

This issue has been corrected. Upon identifying the 61 students for whom loan funds were returned in the reverse order, the financial aid office immediately corrected their R2T4 calculations. The 2010-2011 direct loan closeout deadline was not until July 2012; therefore, we were able to send their revised loan recorded to COD upon correcting the R2T4 calculations so that the subsidized and unsubsidized loan funds were reallocated appropriately.

In addition, the financial aid office checked the set-up of the loan fund codes for the 2011-2012 award year and confirmed that the fund codes were set-up to return funds in the proper order for 2011-2012 R2T4 calculations. The financial aid office continues to follow the new procedures that were implemented for testing new software releases for Datatel Colleague and for completing thorough testing in the TEST database for any new set-up. Based on these new procedures, thorough testing in the TEST database is completed anytime there are new software releases and for all set-up changes to our existing processes before we implement any of these changes in Datatel Colleague PRODUCTION database.
Ms. Deborah Beagle  
Director of Financial Services  
Community College District of Monroe  
County, Michigan d/b/a Monroe County  
Community College  
1555 S. Raisinville Road  
Monroe, MI 48161

Dear Deborah:

Enclosed are your annual financial reports and related reports for the year ended June 30, 2012 as follows:

- Single audit report
- Summary schedule of prior audit findings
- Single audit data collection form

To assist you in determining the distribution requirements of your annual reports, we have summarized the filing requirements for several agencies, as follows.

**Single audit filing requirements:**

- We have prepared the data collection form on your behalf.

- We will upload the entire reporting package electronically to the Federal Audit Clearinghouse (FAC). You no longer need to send any hard copies of the reports to the clearinghouse.

- You will need to electronically certify the single audit data collection form (by clicking on “Auditee Certification” and then “Agree to Auditee Certification Statement”). Once we are able to upload the reporting package electronically, you will receive an automated email from the FAC with certification instructions. In order to certify, you will need a signature code, which will be included in that automated email from the FAC; you will also need the password we used to initiate the data collection form. That password will be emailed by us from PM.SingleAudit@plantermoran.com; you will receive that email around the same time the automated email from the FAC is received.
Ms. Deborah Beagle  
Director of Financial Services  
Community College District of Monroe  
County, Michigan d/b/a Monroe County  
Community College  

January 15, 2013  

Single audit filing requirements:  

- Once you have certified the form (by clicking on "Auditee Certification" and then "Agree to Auditee Certification Statement"), please send us a notification that your certification is complete. Only then can we submit your data collection form to the FAC.  

In addition to the electronic filing, the following hard copies should be distributed:  

- A copy of the pro forma letter to nonfederal entities providing federal financial assistance (see Exhibit A) should be completed as indicated, typed onto Monroe County Community College letterhead, signed, and forwarded.  

Note: The single audit report package (as referred to above) includes the following:  

- Financial statements  
- Single audit report  
- Summary schedule of prior audit findings prepared by Community College District of Monroe County, Michigan d/b/a Monroe County Community College  

Additional state filing requirements for public colleges and universities:  

- One copy of the financial statements and single audit report will be provided to you in PDF format to include in your U.S. Department of Education eZ-Audit online filing. Please let us know if you would like us to email these PDF files to you or if you would like us to post to eZ-Audit directly. Please note we can only do the latter option if you have already provided a Cooley, Hehl, Wohlgamuth & Carlton, PLLC representative with access and a password.  

- One copy of the financial statements, single audit report, and management letter should be forwarded to the Michigan Department of Career Development, at the following address:  

  State of Michigan  
  Michigan Department of Career Development  
  201 N. Washington Square  
  Victor Office Center, 7th Floor  
  Lansing, MI 48913  

- Additional copies of the single audit report package should also be mailed to those State of Michigan departments and/or agencies as designated in your state funding bill.
Ms. Deborah Beagle  
Director of Financial Services  
Community College District of Monroe  
County, Michigan d/b/a Monroe County  
Community College

January 15, 2013

Thank you for the opportunity to serve as your auditors. Please contact us if you have any questions regarding these filing requirements.

Very truly yours,

[Signature]

Cooley, Hehl, Wohlgamuth & Carlton, PLLC