

Northwestern Michigan College

**Federal Awards
Supplemental Information
June 30, 2011**

Northwestern Michigan College

Contents

Independent Auditor's Report	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10
Summary Schedule of Prior Audit Findings	11

Independent Auditor's Report

To the Board of Trustees
Northwestern Michigan College

We have audited the basic financial statements of Northwestern Michigan College (the "College") as of and for the year ended June 30, 2011 and have issued our report thereon dated October 10, 2011. Those basic financial statements are the responsibility of the management of Northwestern Michigan College. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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. Those 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 opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Northwestern Michigan College taken as a whole. 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. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 10, 2011

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
Northwestern Michigan College

We have audited the financial statements of Northwestern Michigan College (the "College") as of and for the year ended June 30, 2011 and have issued our report thereon dated October 10, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwestern Michigan College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 College's financial statements will not be prevented or detected and corrected on a timely basis.

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.

To the Board of Trustees
Northwestern Michigan College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwestern Michigan College's financial statements are free of 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*.

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

Plante & Morse, PLLC

October 10, 2011

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

Independent Auditor's Report

To the Board of Trustees
Northwestern Michigan College

Compliance

We have audited the compliance of Northwestern Michigan 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 each of its major federal programs for the year ended June 30, 2011. The major federal programs of Northwestern Michigan College are 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 each of its major federal programs is the responsibility of Northwestern Michigan College's management. Our responsibility is to express an opinion on Northwestern Michigan 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 Northwestern Michigan 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 Northwestern Michigan College's compliance with those requirements.

In our opinion, Northwestern Michigan College complied, in all material respects, with the 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, 2011.

To the Board of Trustees
Northwestern Michigan College

Internal Control Over Compliance

The management of Northwestern Michigan College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northwestern Michigan College's internal control over compliance with 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 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.

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 College, 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.

Plante & Moran, PLLC

January 31, 2012

Northwestern Michigan College

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity/Grant Number	Award Amount	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster - U.S. Department of Education - Direct Program:				
Federal Supplemental Employment Opportunity Grant (2010-2011)	84.007	P007A102057	\$ 115,988	\$ 92,250
Federal Supplemental Employment Opportunity Grant (2009-2010)	84.007	P007A092057	112,175	3,664
Federal Work-Study Program (2010-2011)	84.033	P033A102057	126,174	84,410
Federal Work-Study Program (2009-2010)	84.033	P033A092057	170,874	8,070
Federal Pell Grant Program (2010-2011)	84.063	P063P101647	8,841,261	8,841,261
Federal Pell Grant Program (2009-2010)	84.063	P063P091647	7,453,672	(9,834)
Federal Academic Competitiveness (2010-2011)	84.375	P375A101647	131,531	78,969
Federal Academic Competitiveness (2009-2010)	84.375	P375A091647	122,356	13,364
Federal Direct Loan Program (2010-2011)	84.268	P268K111647	16,404,280	16,394,093
Federal Family Education Loan Program:				
Stafford subsidized (2009-2010)	84.032	N/A	N/A	(5,680)
Stafford unsubsidized (2009-2010)	84.032	N/A	N/A	<u>(11,449)</u>
Total Federal Family Education Loans				<u>(17,129)</u>
Total Student Financial Assistance Cluster				25,489,118
TRIO Cluster - U.S. Department of Education - Direct Program - TRIO - Upward Bound:				
2010-2011	84.047A	P047A080364	342,749	270,062
2009-2010	84.047A	P047A080364	342,749	<u>71,843</u>
Total TRIO Cluster				<u>341,905</u>
Total Clusters				25,831,023
Other federal awards:				
U.S. Department of Education:				
Vocational Education - Basic Grants to States passed through the Michigan Department of Career Development:				
Regional Allocation	84.048A	112122	240,467	236,467
Local Administration	84.048A	112522	18,400	18,400
Curriculum Development	84.048A	102716	7,500	7,062
Professional Development (2010-2011)	84.048A	112422	27,590	27,590
Professional Development (2009-2010)	84.048A	102422	16,400	<u>14,890</u>
Total Vocational Education - Basic Grants to States				304,409

Northwestern Michigan College

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity/Grant Number	Award Amount	Federal Expenditures
Other federal awards (continued):				
U.S. Department of Education (continued):				
Tech-Prep Education - Basic Grants to States passed through the Intermediate School District - Tech Prep	84.243A	V243A080022	\$ 20,096	\$ 20,096
Congressionally Directed grant (FIPSE funds) - Direct - MCCA Alternative Energy Collaboration	84.116Z	P116Z090313	132,300	<u>118,625</u>
Total U.S. Department of Education				443,130
U.S. Department of Transportation - Direct - Maritime Administration	20.806	N/A	445,400	445,400
National Endowment for the Arts - Direct:				
Arts in Education	45.024	10-5900-8017	10,000	10,000
Go Where You Are: Jim Hay Exhibition	45.024	11-7800-7044	10,000	10,000
U.S. Department of Energy - Direct - ARRA - Midwest Renewable Energy Grant	81.117	DE-EE0002089.001	42,000	29,908
U.S. Department of the Interior, Fish & Wildlife Service - Federal Direct:				
National Park Service ROV Project	15.unknown	H6620090038	17,575	15,711
Benthic Habitat Mapping - GLRI EPA#91	15.unknown	H6067100021	87,867	45,374
National Endowment for the Arts:				
Passed through Michigan Council for Arts and Cultural Affairs -				
Promotion of the Arts Partnership Agreements - Dennon Museum Center Operating	45.025	11OP0088OS	5,100	5,100
Passed through Arts Midwest:				
Promotion of the Arts Partnership Agreements - African Guitar Summit	45.025	FY11-103705	1,400	1,400
Promotion of the Arts Partnership Agreements - Rhythmic Circus Productions	45.025	FY11-103783	2,800	<u>2,800</u>
Total other federal awards				<u>1,008,823</u>
Total federal awards				<u>\$ 26,839,846</u>

Northwestern Michigan College

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

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 Northwestern Michigan College under programs of the federal government for the year ended June 30, 2011. 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 Northwestern Michigan College, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Northwestern Michigan College. Pass-through entity identifying numbers are presented where available.

Note 2 - Grant Auditor Report

Management has utilized Form R-7120 and the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Northwestern Michigan College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

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 programs:

- 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 programs: 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 programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.375, 84.268 84.048A	Student Financial Assistance Cluster Vocational Education

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

Auditee qualified as low-risk auditee? X Yes _____ No

Northwestern Michigan College

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2011

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Northwestern Michigan College

Summary Schedule of Prior Audit Findings Year Ended June 30, 2011

<u>Prior Year Finding Number</u>	<u>Federal Program</u>	<u>Original Finding Description</u>	<u>Status</u>	<u>Planned Corrective Action</u>
2010-1	84.032, 84.063 Student Financial Assistance Cluster	One student official withdrawal was not reviewed timely and resulted in a late return of Title IV funds outside of the 45-day requirement.	Corrected	N/A