

# **Kalamazoo Valley Community College**

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**Federal Awards  
Supplemental Information  
June 30, 2014**

# Kalamazoo Valley Community College

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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  
Kalamazoo Valley Community College

We have audited the basic financial statements of Kalamazoo Valley Community College (the "College") as of and for the year ended June 30, 2014 and have issued our report thereon dated October 27, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 27, 2014.

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 basic financial statements as a whole.

*Plante & Moran, PLLC*

October 27, 2014

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  
Kalamazoo Valley Community 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 Kalamazoo Valley Community College (the "College"), which comprise the basic statement of financial position as of June 30, 2014 and the related basic statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2014. The financial statements of Kalamazoo Valley Community College Foundation 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 Kalamazoo Valley Community 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 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. 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  
Kalamazoo Valley Community College

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kalamazoo Valley Community 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 entity'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.

*Plante & Moran, PLLC*

October 27, 2014

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

Independent Auditor's Report

To the Board of Trustees  
Kalamazoo Valley Community College

**Report on Compliance for Each Major Federal Program**

We have audited Kalamazoo Valley Community College's (the "College") 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, 2014. Kalamazoo Valley Community 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 Kalamazoo Valley Community 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 Kalamazoo Valley Community 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 Kalamazoo Valley Community College's compliance.

To the Board of Trustees  
Kalamazoo Valley Community College

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

In our opinion, Kalamazoo Valley Community 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, 2014.

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

Management of Kalamazoo Valley Community 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 Kalamazoo Valley Community 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.

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 27, 2014

# Kalamazoo Valley Community College

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
Student Financial Aid Cluster - U.S. Department of Education:				
Federal Work Study Program (Note 2)	84.033	P033A132024	\$ 178,214	\$ 129,849
Federal Supplemental Education Opportunity Grant Program (Note 2)	84.007	P007A132024	228,333	292,190
Federal Pell Grant Program	84.063	P063P132876	16,279,575	16,664,636
Guaranteed Student Loan Programs:				
Federal Stafford, subsidized	84.268	N/A	N/A	9,380,765
Federal Stafford, unsubsidized	84.268	N/A	N/A	7,088,749
Federal PLUS Loan Program	84.268	N/A	N/A	58,640
Total Guaranteed Student Loan Programs				16,528,154
Total Student Financial Aid Cluster				33,614,829
Other federal awards:				
U.S. Department of Education - Passed through the Michigan Department of Education - Carl D. Perkins Vocational Educational Act:				
Tx Perkins Sp. Needs	84.048A	1421-11	49,436	48,218
Tx Perkins Sp. Needs	84.048A	1421-11	21,724	17,859
Tx Perkins Sp. Needs	84.048A	1421-11	16,341	15,756
Tx Perkins Sp. Needs	84.048A	1421-11	24,509	23,497
Tx Perkins Sp. Needs	84.048A	1421-11	12,912	11,789
Ac Perkins Sp. Needs	84.048A	1421-11	58,260	57,897
C. Perkins Counseling	84.048A	1421-11	100,747	93,500
Voc. Ed. - Equipment	84.048A	1421-11	253,047	250,275
Special Pops/ Perkins III	84.048A	1421-11	14,408	14,320
National Skill Standards Programming	84.048A	1421-11	8,000	6,500
Local Leadership	84.048A	1425-11	8,174	7,990
Professional Development	84.048A	1424-11	18,400	18,338
			6,250	6,250
Total Vocational Education				572,189
U.S. Department of Justice - Bulletproof Vest Partnership				
	16.607	1121-0235	316	316
Total federal awards				<b>\$ 34,187,334</b>

# **Kalamazoo Valley Community College**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014**

### **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 Kalamazoo Valley Community College (the "College") under programs of the federal government for the year ended June 30, 2014. 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, 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 Kalamazoo Valley Community College, it is not intended to, and does not, present the financial position, revenue, expenses, changes in net assets, or cash flows, if applicable, of Kalamazoo Valley Community College. Pass-through entity identifying numbers are presented where available.

### **Note 2 - Adjustments and Transfers**

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, Kalamazoo Valley Community College expended \$24,000 of Federal Work Study (84.033) funds and \$3,671 of Federal Supplemental Education Opportunity Grant (84.007) funds carried forward from the year ended June 30, 2013. The College carried forward \$14,093 of Federal Work Study (84.033) funds and \$2,199 of Federal Supplemental Education Opportunity Grant (84.007) funds from the year ended June 30, 2014 to the year ending June 30, 2015. In addition, the College transferred \$44,553 of Federal Work Study funds to the Federal Supplemental Education Opportunity Grant funds during the year ended June 30, 2014.

# Kalamazoo Valley Community College

## Schedule of Findings and Questioned Costs Year Ended June 30, 2014

### 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 program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster
84.048A	Carl D. Perkins Vocational Educational Act

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

Auditee qualified as low-risk auditee?  Yes  No

# **Kalamazoo Valley Community College**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

# Kalamazoo Valley Community College

## Summary Schedule of Prior Audit Findings Year Ended June 30, 2014

Prior Year Finding Number	Federal Program	Original Finding Description	Status
2013-001	Student Financial Aid Cluster - Direct Loan Program - CFDA #84.268	Changes in a student's status are required to be reported to the National Student Loan Data System or the guarantee agency within 30 days of the change or included in a student status confirmation report sent to NSLDS within 60 days of the status change. Updated student statuses for the fall 2012 semester were not sent to NSLDS within the specified timeline of 60 days.	Corrected as of Spring 2013