West Shore Community College

Year Ended June 30, 2017

Single Audit Act Compliance

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INDEPENDENT AUDITORS’ REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

November 7, 2017

To the Board of Trustees
West Shore Community College
Scottville, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of West Shore Community College (the “College”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements. We issued our report thereon dated November 7, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those 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 Robson
2330 East Paris Ave. S.E.
Grand Rapids, MI  49516-6547
Ph: 616.975.4100
Fx: 616.975.4400
www.rehmann.com
## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Federal Agency / Cluster / Program Title</th>
<th>CFDA Number</th>
<th>Passed Through</th>
<th>Grantor Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Financial Assistance Cluster:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity</td>
<td>84.007</td>
<td>Direct</td>
<td>P007A122103</td>
<td>$ 29,506</td>
</tr>
<tr>
<td>Federal Work Study Program</td>
<td>84.033</td>
<td>Direct</td>
<td>P033A122103</td>
<td>65,337</td>
</tr>
<tr>
<td>Pell Grant Program</td>
<td>84.063</td>
<td>Direct</td>
<td>P063P125088</td>
<td>1,801,858</td>
</tr>
<tr>
<td>Federal Direct Student Loan Program</td>
<td>84.268</td>
<td>Direct</td>
<td>P268K125088</td>
<td>750,208</td>
</tr>
<tr>
<td>Total Student Financial Assistance Cluster</td>
<td></td>
<td></td>
<td></td>
<td>2,646,909</td>
</tr>
<tr>
<td>Career and Technical Education - Basic Grants to States:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perkins Local Leadership</td>
<td>84.048</td>
<td>MDE</td>
<td>143250 - 142529</td>
<td>9,200</td>
</tr>
<tr>
<td>Regional Allocation</td>
<td>84.048</td>
<td>MDE</td>
<td>143510 - 142129</td>
<td>66,451</td>
</tr>
<tr>
<td>Total Career and Technical Education - Basic Grants to States</td>
<td></td>
<td></td>
<td></td>
<td>75,651</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td></td>
<td>$2,722,560</td>
</tr>
</tbody>
</table>

See notes to Schedule of Expenditures of Federal Awards.
The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of *West Shore Community College* (the “College”) under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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.

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:

<table>
<thead>
<tr>
<th>Pass-through Agency Abbreviation</th>
<th>Pass-through Agency Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDE</td>
<td>Michigan Department of Education</td>
</tr>
</tbody>
</table>
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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.

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 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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 7, 2017

To the Board of Trustees
of West Shore Community College
Scottville, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of the West Shore Community College (the “College”) with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the College’s major federal program for the year ended June 30, 2017. The College’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Independent Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for the College’s major federal program 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 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). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the College’s compliance.
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 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 or significant deficiencies.

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.
WEST SHORE COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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 ______ no
- Significant deficiency(ies) identified? ______ 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? ______ yes ______ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ______ no

Identification of major programs and type of auditors' report issued on compliance for the major program:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
<th>Type of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.063, and 84.268</td>
<td>Student Financial Assistance Cluster</td>
<td>Unmodified</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ______ yes ______ no
WEST SHORE COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.
WEST SHORE COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

Finding 2016-002 - Eligibility Verification

The audit identified that one student was over awarded Pell based on the amount the student should have been awarded for their level of expected family contribution, cost of attendance and enrollment status. Additionally, based on management's review of all Pell students awarded, there were nine additional students who were misawarded due to this same issue. The total underaward amounted to approximately $3,300. The receivable has been collected from the Department of Education as of June 30, 2017. This matter was not repeated as a finding.

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