
Kalamazoo Valley Community College

Federal Awards Supplemental Information
June 30, 2023

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Kalamazoo Valley Community College

We have audited the financial statements of the business-type activities and discretely presented component unit of Kalamazoo Valley Community College (the "College") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 31, 2023, which contained an unmodified opinion on the financial statements. 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 31, 2023.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

March 22, 2024

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 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 basic financial statements of the business-type activities and discretely presented component unit of Kalamazoo Valley Community College (the "College") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 31, 2023. The financial statements of Kalamazoo Valley Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

To Management and the Board of Trustees
Kalamazoo Valley Community College

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 31, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Kalamazoo Valley Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kalamazoo Valley Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Trustees
Kalamazoo Valley Community College

Government Auditing Standards requires the auditor to perform limited procedures on the College's responses to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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.

Plante & Moran, PLLC

March 22, 2024

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Student Financial Aid Assistance Cluster -				
U.S. Department of Education - Direct:				
Federal Work-Study Program - 2022-2023	84.033	P033A222024	\$ -	\$ 62,211
Federal Supplemental Education Opportunity Grant:	84.007			
2021-2022		P007A212024		900
2022-2023		P007A222024	-	381,684
Federal Pell Grant Program:	84.063		-	
2021-2022		P063P212876		200,435
2022-2023		P063P222876	-	7,010,034
2023-2024		P063P232876		7,886
William D. Ford Direct Loan Program:	84.268		-	
2021-2022		P268K222876		268,450
2022-2023		P268K232876	-	6,888,974
Total Student Financial Aid Cluster			-	14,820,574
Other federal awards:				
U.S. Department of Education, passed through the Michigan Department of Education - Career and Technical Education - Basic Grants to States				
Local Annual:	84.048A			
2021-2022		2221-11	-	57,168
2022-2023		233510-2321	-	574,669
Local Leadership - 2022-2023		233250-2325-11	-	5,785
Total Carl D. Perkins Vocational Educational Act			-	637,622
U.S. Department of Education - Education Stabilization Fund - Direct:				
COVID-19 - Education Stabilization Fund - HEERF III - Institutional Portion	84.425F	P425F202517	-	3,435,185
Passed through Michigan Department of Labor and Economic Opportunity - COVID-19 - Education Stabilization Fund - Reimagining Workforce Preparation Grants		MiLEAP PROGRAM_KVCC023	257,495	634,667
Michigan Learning and Education Advancement Program	84.425G		257,495	4,069,852
Total Education Stabilization Fund			257,495	4,069,852
Total U.S. Department of Education			257,495	4,707,474
U.S. Department of Agriculture - Direct:				
Local Food Promotion Program 2012-2023	10.172	AM180100XXXXG140	-	73,072
Farmers Market and Local Food Promotion Program 2022-2023	10.175	21LFPPMI1026-00	-	174,859
Pandemic Relief Activities: Local food Purchase Agreements with Local Governments 2022-2023	10.182	230986		15,854
Agriculture and Food Research Initiative 2022-2023	10.310	2021-67038-34209	-	77,517
Total U.S. Department of Agriculture			-	341,302
U.S. Department of Treasury-				
Passed through the Michigan Community College Association				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Academic Catch-Up Program	21.027	SLFRP0127	-	4,125
Total other federal awards			257,495	5,052,901
Total federal awards			\$ 257,495	\$ 19,873,475

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

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, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “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 financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The College has elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Adjustments and Transfers

As allowable, and in accordance with federal regulations issued by the U.S. Department of Education, Kalamazoo Valley Community College transferred \$150,587 of Federal Work-Study (FWS) funds (84.033) to the Federal Supplemental Education Opportunity Grant (SEOG) funds (84.007) during the year ended June 30, 2023. The College carried back \$26,533 of SEOG funds and \$20,000 of FWS funds from the year ended June 30, 2024 to the year ended June 30, 2023. In addition, the College carried back \$22,366 of SEOG funds and \$19,358 of FWS funds from the year ended June 30, 2023 to the year ended June 30, 2022.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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 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 None reported

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? X Yes _____ None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.033, 84.007, 84.063, 84.268	Student Financial Assistance Cluster	Unmodified
84.425F, 84.425G	COVID-19 Education Stabilization Fund	Unmodified

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

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

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2023-001	<p>Assistance Listing Number, Federal Agency, and Program Name - 84.425G, U.S. Department of Education, Education Stabilization Fund - Reimagining Workforce Preparation Grants</p> <p>Federal Award Identification Number and Year - N/A</p> <p>Pass-through Entity - State of Michigan Department of Labor and Economic Opportunity</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - The College should have a subrecipient monitoring policy and defined procedures to follow when identifying and assessing subrecipients in accordance with 2 CFR Section 200.332.</p> <p>Condition - The College does not have a subrecipient monitoring policy and did not perform risk assessment procedures before selecting the subrecipient for the grant.</p> <p>Questioned Costs - N/A</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - There was one subrecipient for this grant. The College was required to find a subrecipient and selected a similar organization with which it collaborates on other projects. The selected subrecipient meets with the College monthly and provides and submits quarterly reimbursement forms and performance data. This is also the College's first subrecipient agreement.</p> <p>Cause and Effect - The College did not have a system or process in place to select a subrecipient using a risk analysis process. As a result, the subrecipient chosen may not have been eligible or at risk of providing timely or accurate performance and financial data.</p> <p>Recommendation - We recommend the College develop a subrecipient policy with defined procedures in alignment with the Uniform Guidance in the event it has subrecipients in the future for this and other grants.</p> <p>Views of Responsible Officials and Corrective Action Plan - The College will work to develop a subrecipient monitoring policy and subrecipient monitoring procedures, which would include the performing of a risk assessment, to ensure the policies and procedures are in alignment with other college policies while also adhering to federal regulations and best practices in grant management.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2023-002	<p>Assistance Listing Number, Federal Agency, and Program Name - 84.425G, U.S. Department of Education, Education Stabilization Fund - Reimagining Workforce Preparation Grants</p> <p>Federal Award Identification Number and Year - N/A</p> <p>Pass-through Entity - State of Michigan Department of Labor and Economic Opportunity</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - In accordance with the grant agreement, the College was responsible for determining eligibility and maintaining certain documentation to support the eligibility of the participants in the program.</p> <p>Condition - The College provided funds to two individuals for transportation in advance of being approved for participation in the program.</p> <p>Questioned Costs - \$125</p> <p>Identification of How Questioned Costs Were Computed - The questioned costs were determined by totaling all the assistance received by the two applicants in advance of eligibility determination.</p> <p>Context - For 2 out of 27 students tested, there was not enough documentation or approval of eligibility to participate prior to funds being provided for transportation assistance.</p> <p>Cause and Effect - The requirements of the application process were not followed, resulting in applicants receiving services of the grant prior to approved participation, which could result in unallowable costs charged to the grant.</p> <p>Recommendation - We recommend additional controls be put in place to determine that all documentation is maintained to support that an applicant is eligible to participate in the program.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The College has returned the questioned costs by transferring the expenditures out of the grant funds and reducing the next drawdown for the grant. The College will immediately suspend the practice of providing grant funds to individuals prior to their approval for participation in program. Moving forward, the College will require the program director to approve all applicants for eligibility prior to any training or support activities beginning. This will include a review of the application materials, eligibility documents, and any other required materials. Participants who do not meet the eligibility requirements will receive written notice of the reason for denial and will not be admitted to any programming or receive any supportive services. The College will also look to have staff members involved in grant administration receive targeted training and education on the revised grant disbursement procedures, as well as general grant administration training.</p>	\$125