

ALPENA COMMUNITY COLLEGE

Federal Financial Assistance Compliance Audit
For The Year Ended June 30, 2009

STRALEY, ILSLEY & LAMP P.C.

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GORDON A. NETHERCUT, C.P.A.

To the Board of Trustees
Alpena Community College
Alpena, Michigan

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.

We have audited the basic financial statements of Alpena Community College, Alpena, Michigan, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 25, 2009. 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 Alpena Community College, Alpena, Michigan'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 Alpena Community College, Alpena, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Alpena Community College, Alpena, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Alpena Community College, Alpena, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Alpena Community College, Alpena, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Alpena Community College, Alpena, Michigan's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items Finding 2009-1 and Finding 2009-2 to be significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Alpena Community College, Alpena, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpena Community College, Alpena, Michigan'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.

We noted certain matters that we reported to management of Alpena Community College, Alpena, Michigan, in a separate letter dated September 25, 2009.

Alpena Community College, Alpena, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Alpena Community College, Alpena, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the College Board of Trustees, others within the entity, and 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.

Straley, Itzley & Lamp P.C.

September 25, 2009



Certified Public Accountants

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TAX, AUDIT AND BUSINESS CONSULTANTS

RETIRED
GORDON A. NETHERCUT, C.P.A.

To the Board of Trustees
Alpena Community College
Alpena, Michigan

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.

We have audited the compliance of Alpena Community College, Alpena, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Alpena Community College, Alpena, Michigan's major federal programs 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 Alpena Community College, Alpena, Michigan's management. Our responsibility is to express an opinion on Alpena Community College, Alpena, Michigan'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 Alpena Community College, Alpena, Michigan'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 of Alpena Community College, Alpena, Michigan's compliance with those requirements.

In our opinion, Alpena Community College, Alpena, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Alpena Community College, Alpena, Michigan, 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 Alpena Community College, Alpena, Michigan'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, 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 Alpena Community College, Alpena, Michigan's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alpena Community College, Alpena, Michigan, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 25, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Alpena Community College, Alpena, Michigan's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of management, the College Board of Trustees, others within the entity, and 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.

Straley, Isley & Lamp P.C.

January 12, 2010

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Alpena Community College
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the year ended June 30, 2009

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Student Aid Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG) 2008/2009	* 84.007	P007A081973	\$ 39,838 <u>39,838</u>
Federal Work-Study Program (FWS) 2008/2009	* 84.033	P033A081973	<u>94,857</u> 94,857
Federal Pell Grant Program (PELL) 2007/2008 (PELL) 2008/2009 (PELL) Administration 2006/2007 (PELL) Administration 2007/2008 (PELL) Administration 2008/2009	* 84.063	P063P071622 P063P081622 P063Q061622 P063Q071622 P063Q081622	2,680,205 3,113,338 4,335 5,230 5,415 <u>5,808,523</u>
Academic Competitiveness Grants (ACG) Academic Competitiveness Grant I 2008/2009 (ACG) Academic Competitiveness Grants II 2008/2009	* 84.375	P375A081622 P375A081622	7,500 4,550 <u>12,050</u>
Total Federal Student Aid Cluster			<u>5,955,268</u>
Perkins Loan Cancellations Perkins Loan Administration 2008/2009	84.037	P037Y081973	86 <u>86</u>
TRIO Cluster			
TRIO - Student Support Services	84.042	P042A071066	<u>524,535</u> 524,535
TRIO - Talent Search	84.044	P044A030555 P044A080544	1,581,256 323,796 <u>1,905,052</u>
TRIO - Upward Bound	84.047	P047A030939 P047A080123	1,766,712 361,772 <u>2,128,484</u>
Total TRIO Cluster			<u>4,558,071</u>
Fund for the Improvement of Postsecondary Education Curriculum Development for Rural Communications	84.116	P116Z080087	243,667 <u>243,667</u>
Total Direct Programs			<u>10,757,092</u>

* Major Program

Revenue Accrued (Deferred) at June 30, 2008	Prior Year(s) Expenditures	Current Year		Revenue Accrued (Deferred) at June 30, 2009	Total Expenditures
		Receipts	Expenditures		
\$ -	\$ -	\$ 39,838	\$ 39,838	\$ -	\$ 39,838
-	-	39,838	39,838	-	39,838
-	-	77,907	77,907	-	77,907
-	-	77,907	77,907	-	77,907
2,923	2,680,205	2,923	-	-	2,680,205
-	-	3,108,319	3,120,307	11,988	3,120,307
-	4,275	60	60	-	4,335
-	5,070	160	160	-	5,230
-	-	5,415	5,415	-	5,415
2,923	2,689,550	3,116,877	3,125,942	11,988	5,815,492
-	-	7,500	7,500	-	7,500
-	-	4,550	4,550	-	4,550
-	-	12,050	12,050	-	12,050
2,923	2,689,550	3,246,672	3,255,737	11,988	5,945,287
-	-	86	86	-	86
-	-	86	86	-	86
40,312	192,139	240,629	241,263	40,946	433,402
40,312	192,139	240,629	241,263	40,946	433,402
12,357	1,555,950	37,663	25,306	-	1,581,256
-	-	281,750	296,590	14,840	296,590
12,357	1,555,950	319,413	321,896	14,840	1,877,846
15,875	1,685,421	97,166	81,291	-	1,766,712
-	-	267,071	292,604	25,533	292,604
15,875	1,685,421	364,237	373,895	25,533	2,059,316
68,544	3,433,510	924,279	937,054	81,319	4,370,564
-	-	172,929	185,769	12,840	185,769
-	-	172,929	185,769	12,840	185,769
71,467	6,123,060	4,343,966	4,378,646	106,147	10,501,706

The accompanying notes to financial statements are an integral part of this statement.

Alpena Community College
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the year ended June 30, 2009

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Education</u> (continued)			
Other Federal Assistance:			
Federal Family Education Loans (FFEL)	* 84.032		
Federal Stafford Loan - Subsidized		N/A	\$ 1,963,646
Federal Stafford Loan - Unsubsidized		N/A	1,105,394
Federal Alternative		N/A	44,565
Federal PLUS		N/A	37,187
			<u>3,150,792</u>
Passed through State of Michigan Department of Education:			
Vocational Education	84.048		
Local Administration		083510 80211	154,175
Local Administration		093250 90251	18,384
Local Administration		093290 90291	1,285
Local Administration		093510 90211	155,210
			<u>329,054</u>
Total passed through State of Michigan Department of Education			<u>329,054</u>
Total U.S. Department of Education			<u>14,236,938</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
Community Based Job Training Grants	17.269	CB-15951-07-60-A-26	1,922,516
			<u>1,922,516</u>
Total U.S. Department of Labor			<u>1,922,516</u>
<u>U.S. Small Business Administration</u>			
Passed through Grand Valley State University (GVSU)			
Small Business Development Center - 2008	59.037	8-603001-Z-0023-08	120,000
			<u>120,000</u>
Passed through MI-SBTDC at Michigan Works			
Small Business Development Center - 2009	59.037	N/A	48,595
			<u>48,595</u>
Total U.S. Small Business Administration			<u>168,595</u>
Total Federal Financial Assistance			<u>\$ 16,328,049</u>

* Major Program

Revenue Accrued (Deferred) at June 30, 2008	Prior Year(s) Expenditures	Current Year		Revenue Accrued (Deferred) at June 30, 2009	Total Expenditures
		Receipts	Expenditures		
\$ -	\$ -	\$ 1,963,646	\$ 1,963,646	\$ -	\$ 1,963,646
-	-	1,105,394	1,105,394	-	1,105,394
-	-	44,565	44,565	-	44,565
-	-	37,187	37,187	-	37,187
-	-	<u>3,150,792</u>	<u>3,150,792</u>	-	<u>3,150,792</u>
-	149,895	2,994	2,994	-	152,889
-	-	17,192	17,192	-	17,192
-	-	1,285	1,285	-	1,285
-	-	<u>152,303</u>	<u>152,303</u>	-	<u>152,303</u>
-	149,895	<u>173,774</u>	<u>173,774</u>	-	<u>323,669</u>
<u>71,467</u>	<u>6,272,955</u>	<u>7,668,532</u>	<u>7,703,212</u>	<u>106,147</u>	<u>13,976,167</u>
<u>30,952</u>	<u>721,665</u>	<u>805,955</u>	<u>811,357</u>	<u>36,354</u>	<u>1,533,022</u>
<u>30,952</u>	<u>721,665</u>	<u>805,955</u>	<u>811,357</u>	<u>36,354</u>	<u>1,533,022</u>
<u>30,952</u>	<u>721,665</u>	<u>805,955</u>	<u>811,357</u>	<u>36,354</u>	<u>1,533,022</u>
<u>28,328</u>	<u>60,044</u>	<u>88,284</u>	<u>59,956</u>	-	<u>120,000</u>
<u>28,328</u>	<u>60,044</u>	<u>88,284</u>	<u>59,956</u>	-	<u>120,000</u>
-	-	<u>33,335</u>	<u>48,595</u>	<u>15,260</u>	<u>48,595</u>
-	-	<u>33,335</u>	<u>48,595</u>	<u>15,260</u>	<u>48,595</u>
<u>28,328</u>	<u>60,044</u>	<u>121,619</u>	<u>108,551</u>	<u>15,260</u>	<u>168,595</u>
<u>\$ 130,747</u>	<u>\$ 7,054,664</u>	<u>\$ 8,596,106</u>	<u>\$ 8,623,120</u>	<u>\$ 157,761</u>	<u>\$ 15,677,784</u>

The accompanying notes to financial statements are an integral part of this statement.

Alpena Community College

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 1--SIGNIFICANT ACCOUNTING POLICIES.

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Alpena Community College, Alpena, Michigan. The reporting entity of Alpena Community College is defined in Note 1 to the College's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

The Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, established a risk-based approach to determine which Federal programs were major programs. This risk-based approach included consideration of current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program. Major program determination was performed and is defined in Section 520 of the circular.

For the audit period ended June 30, 2009 Alpena Community College's dollar threshold for larger Federal programs, which were regarded as Type A programs, were programs or a cluster of programs with Federal awards expended during the audit period which exceeded \$300,000. All other Federal programs were regarded as Type B programs. For the year ended June 30, 2009, no federal programs were considered to be high-risk and the determination was made that major programs were all Type A programs to encompass at least 25% of the total federal awards expended. During the year ended June 30, 2009, Alpena Community College expended 74% of its total expenditures of Federal Awards programs audited as Major Programs.

NOTE 2--BASIS OF ACCOUNTING.

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the College's financial statements.

NOTE 3--CFDA.

This refers to the Catalog of Federal Domestic Assistance.

NOTE 4 -- RECONCILIATION TO U.S. DEPARTMENT OF EDUCATION GRANT ADMINISTRATION AND PAYMENT SYSTEM PAYMENT REQUESTS (GAPS).

The following shows a reconciliation the Total Direct programs of the U.S. Department of Education reported on the Schedule of Federal Financial Assistance to U.S. Department of Education Grant Administration and Payment System Payment Requests (GAPS).

Current year expenditures of direct	
U.S. Department of Education Programs	\$ 4,378,646
Accounts receivable - June 30, 2008	71,467
Accounts receivable - June 30, 2009	<u>(106,147)</u>
Total grant payment requests	\$ <u>4,343,966</u>
(GAPS) Drawdowns	\$ <u>4,343,966</u>

Alpena Community College

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 5--RECONCILIATION TO MICHIGAN DEPARTMENT OF EDUCATION GRANT SECTION AUDITORS REPORT.

The following shows a reconciliation of current year expenditures per the Schedule of Federal Financial Assistance to current payments per Michigan Department of Education Grant Auditor Report (GAR) from the Cash Management System (CMS):

Current year expenditures passed through Michigan Department of Education:	
U.S. Department of Education	\$ <u>173,774</u>
Agency total current payments per MDE Grant Auditor Report	\$ <u>173,774</u>

NOTE 6--RELATIONSHIP TO BASIC FINANCIAL STATEMENTS.

Revenues from federal sources are reported in the College's financial statements as follows:

	<u>Federal Revenues</u>
General Fund	\$ 6,383
Restricted Fund	<u>5,310,026</u>
Total Federal Revenues	5,316,409
Federal grant revenues from program income, receivables and refunds not reported in the audited financial statements at June 30, 2009 and reported in the Schedule of Federal Financial Assistance	(17,855)
Federal Vocational Education Program, C.F.D.A. #84.048 previously reported as State grants in the audited financial statements at June 30, 2009	173,774
Federal Family Assistance Loan Programs, C.F.D.A. #84.032 previously not reported in the audited financial statements at June 30, 2009	<u>3,150,792</u>
Expenditures per Schedule of Federal Financial Assistance	\$ <u>8,623,120</u>

NOTE 7--SOURCE DOCUMENTATION.

When possible, project expenditures are vouched to various other supporting documentation, such as U.S. Department of Education Pell Processed Disbursement List – YTD and MDE Form DS-4044. The amounts reported on MDE Grant Section Auditors Report, reconcile with the schedule. Instances, if any, where the federal expenditures do not agree with supporting documents, have been reported as a finding.

Alpena Community College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Section I - SUMMARY OF AUDITOR'S RESULTS.

1. The Auditors' report expresses an unqualified opinion on the basic financial statements of Alpena Community College.
 2. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items Finding 2009-1 and Finding 2009-2 to be significant deficiencies in internal control over financial reporting. However, we believe that none of the significant deficiencies described is a material weakness reported in the 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.
 3. The results of our tests disclosed no instances of noncompliance material to the financial statements of Alpena Community College that are required to be reported under Government Auditing Standards.
 4. No reportable conditions in internal control over Major Programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Federal Financial Assistance.
 5. The Auditors' Report on Compliance for Major Programs expresses an unqualified opinion.
 6. The Auditors' Report disclosed no instances of findings relative to the Major Federal Award Programs required to be reported under OMB circular A-133.
 7. Programs tested as major programs:
 - U.S. Department of Education, Federal Student Aid Cluster:
 - CFDA 84.007- Federal Supplemental Educational Opportunity Grant Program (FSEOG)
 - CFDA 84.032 - Federal Family Education Loan Program (FFEL)
 - CFDA 84.033 - Federal Work-Study Program (FWS)
 - CFDA 84.063 - Federal Pell Grant Program (PELL)
 - CFDA 84.375 - Federal Academic Competitiveness Grants (ACG)
- The threshold for distinguishing Type A and Type B Programs was \$300,000.
8. Alpena Community College qualified as a low-risk auditee under criteria in Section 530 of (OMB) Circular A-133.

Alpena Community College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Section II – Financial Statement Audit Findings

Finding Type – Significant weaknesses in internal control over financial reporting.

Finding 2009-1– Plant Funds.

Criteria - All appropriate acquisition and disposal activity for physical properties should be reflected on the third-party fixed asset schedule to be accurately recorded at the balance sheet date.

Condition – Plant asset acquisition and disposals were not properly recorded in the general ledger at June 30, 2009.

Context - Audit entries of \$410,296 in the Physical Properties Fund were posted to correct these unrecorded activities.

Cause - Procedures for the recording of physical properties fund activity were not properly followed.

Effect - Certain asset accounts were overstated at the balance sheet date, and as a result, current year revenues were understated and expenditures overstated.

Recommendation - The College should follow procedures to insure all Physical Properties adjustments are properly recorded.

Views of Responsible Officials and Planned Corrective Actions -- The College concurs with the recommendation and will put a process in place to address the issue.

Alpena Community College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Section II – Financial Statement Audit Findings (continued)

Finding 2009-2 – State Aid Receivables.

Criteria – State Aid transactions in the General Fund must reflect the correct financial activity of state shared revenue receivable.

Condition - Outstanding State aid receivables were not properly recorded in the general ledger at June 30, 2009.

Context - Audit entries of \$45,800 in the General Fund were posted to correct these receivables due the College at year end.

Cause - Procedures for the recording of year end accruals were not properly followed.

Effect - Certain asset accounts were overstated at the balance sheet date, and as a result, current year revenues were overstated.

Recommendation - The College should follow procedures to insure all year end accrual adjustments are properly recorded.

Views of Responsible Officials and Planned Corrective Actions -- The College concurs with the recommendation and will put a process in place to address the issue.

Alpena Community College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

SECTION III - FINDINGS AND QUESTIONED COSTS OF MAJOR FEDERAL AWARD PROGRAMS.

There were no findings or questioned costs related to major federal award programs for the year ended June 30, 2009.

Alpena Community College

**INDEPENDENT AUDITORS' COMMENTS ON AUDIT RESOLUTION MATTERS
RELATING TO THE SFA PROGRAMS**

For the year ended June 30, 2009

PRIOR FINDINGS AND QUESTIONED COSTS OF MAJOR FEDERAL AWARD PROGRAMS.

There were no findings or questioned costs related to the major federal award programs for the year ended June 30, 2008.

ATTACHMENT A - AUDITOR INFORMATION SHEET

Alpena Community College
665 Johnson Street
Alpena, MI 49707

Entity No.: 1-38-3210748-A1
Telephone: (989) 356-9021
Fax: (989) 356-0980

President: Dr. Olin H. Joynton
Contact Person: Max P. Lindsay, Dean of Student Affairs

Lead Auditor: Mark L. Sandula, CPA
Firm Name: Straley, Ilsley & Lamp P.C.
Address: P.O. Box 738
Alpena, Michigan 49707
License No.: 1101010225
Telephone: (989) 356-4531
Fax: (989) 356-0494

Student Financial Assistance Programs:
Federal Supplemental Educational Opportunity Grant Program (FSEOG) - 84.007
Federal Family Education Loan Program (FFEL) - 84.032
Federal Work Study (FWS) - 84.033
Federal Pell Grant Program (Pell) - 84.063
Federal Academic Competitiveness Grant (ACG) – 84.375

Report filing status: original submission

The campuses/ facilities considered as part of this institution are as follows:

<u>Location</u>	<u>Description of facility</u>
665 Johnson Alpena, MI	Main Campus SFA's & Controller's Office

Note: Even though College has a branch location, Huron Shores Campus, all accounting and administrative controls of SFA programs are located at the main campus listed above.

Institution's Accrediting Organization: North Central Association of Colleges and Schools, Commission on Institutions of Higher Education.

Records for the accounting and administration of the SFA Programs are located at:

Alpena Community College
Main Campus
665 Johnson Street
Alpena, MI 49707

The most recent annual audited financial statements were for the fiscal year ended June 30, 2009. An unqualified opinion was expressed.

ATTACHMENT B - SERVICER INFORMATION

UNISA, INC.

7400 E. Arapahoe Rd., Ste 10
Englewood, CO 80112-1279
Voice: (303) 221-5626
Fax: (303) 221-5606
Email: cust-svc@unisainc.com

DIVISION OF RESPONSIBILITY FOR COMPLIANCE REQUIREMENTS

<u>Compliance requirement</u>	<u>Responsibility of Institution</u>	<u>Responsibility of UNISA, INC.</u>	<u>Explanation of Divided Responsibility</u>
I. Computer operations			
A. Terminal and software security		X	
B. Data integrity		X	
C. System and data backup		X	
D. Disaster recovery plan		X	
II. Cash management			
A. Drawdowns	X		
B. Authorization vs. expenditures	X		
C. Reconcile general ledger to bank	X		
D. Bank account notes federal funds	X		
III. Financial reports			
A. FISAP		X	
B. EDPMTS/EDCAPS	X		
C. Pell IPS	X		
IV. Institutional eligibility			
A. Participation agreement/ECAR	X		
B. Accreditation status	X		
C. Admissions policy	X		
D. Eligible programs	X		
E. Calculation on institutional eligibility ratios	X		
F. Licenses	X		
G. Administrative capability items	X		
V. Student eligibility			
A. High school diploma or equivalent or ability to benefit	X		
B. Regularly enrolled in eligible program	X		
C. Citizen or permanent resident	X		
D. Satisfactory progress	X		
E. Default/refund status	X		
F. Social security number match requirement	X		
G. Other requirements	X		
VI. Coordination of programs			
A. Financial aid organization	X		
B. Other information available	X		
C. Needs analysis	X		
D. Professional judgment documentation	X		

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<u>Compliance requirement</u>	<u>Responsibility of Institution</u>	<u>Responsibility of UNISA, INC.</u>	<u>Explanation of Divided Responsibility</u>
VII. Administrative capability			
A. Student file maintenance	X		
B. Record retention	X		
C. Verification	X		
VIII. Disbursements			
A. Financial aid transcripts/NSLDS information	X		
B. Independent/Dependent status determination	X		
C. Timing and amount of disbursements	X		
IX. Refunds or overpayments			
A. Policy	X		
B. Refund calculations	X		
C. Overpayment calculations	X		
D. Disbursement and accounting for refunds/overpayments	X		
X. Institutional disclosure			
A. Accuracy of institutional data	X		
B. Disclosure to students	X		
XI. Pell Grant			
A. Types of expenditures allowed	N/A		
B. Program performance			
1. Program expenditures			
2. Timing of payment; cutoff dates for receipts of SAR's			
C. Financial reports			
XII. Campus-based programs (general)			
A. Types of expenditures allowed			
1. Program expenditures	X		
2. Administrative cost allowance	X		
B. Program performance			
1. Accuracy of FISAP data	X		
2. System of need analysis	X		

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<u>Compliance requirement</u>	<u>Responsibility of Institution</u>	<u>Responsibility of UNISA, INC.</u>	<u>Explanation of Divided Responsibility</u>
XIII. Campus-based programs (Perkins)			
A. Type of expenditures allowed	X		
B. Matching	X		
C. Program performance			
1. Student eligibility	X		
2. Approved promissory note	X		
3. Due diligence		X	
4. Repayment records		X	
D. Special compliance requirements			
1. Minimum cash balance; cash planning	X		
2. Treatment of interest earned on Perkins loan balance	X		
XIV. Campus-based programs (FSEOG)	N/A		
A. Eligible expenditures			
B. Matching			
C. Selection of students for FSEOG awards			
XV. Campus-based programs (FWS)	N/A		
A. Types of expenditures and employment allowed			
1. Types of employment allowed			
2. Types of expenditures allowed			
B. Matching			
C. Program performance			
1. Selection of students for employment			
2. Approval of time sheets and payment to students			
D. Special compliance requirements			
1. JLD And CSJLD programs			
2. CSL programs (5% min.)			
XVI. Federal Family Education Loans (FFEL)	N/A		
A. Program performance			
1. Determination of eligibility and completion of application			
2. Default reduction measures			
3. Entrance and exit counseling			
4. Loan disbursement			
5. EFT Roster reconciliation			
6. Eligibility for disbursement			
B. Status reporting			
1. SSCR completion			
2. Change in enrollment status			
C. Special compliance requirements			
1. Refund policy			
2. Refunds to lenders			

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XVII Federal Direct Loan Programs (FDLP)	N/A
A. Program performance	
1. Determination of eligibility	
2. Entrance and exit counseling	
3. Exporting and importing electronic files to/from the LOC	
4. Loan disbursement	
5. Monthly data matching including:	
a. Loan and cash detail records	
b. Summary reporting	
B. FDLP Status reporting	
1. SSCR's	
2. Change in enrollment status	