

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2018

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**GREGORY  
TERRELL  
& COMPANY**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE

To the Board of Trustees of  
Wayne County Community College District  
Detroit, Michigan

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

We have audited Wayne County Community College District (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District'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 its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District'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 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 District'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 the District's compliance.

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

In our opinion, the District, 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, 2018.

## Report on Internal Control Over Compliance

Management of the District 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 the District'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 the Uniform Guidance, 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 District's internal control over compliance.

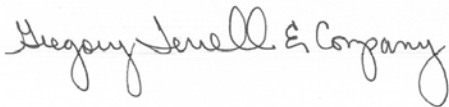
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Wayne County Community College District as of and for the year ended June 30, 2018, and have issued our report thereon dated November 14, 2018, 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



**GREGORY TERRELL & COMPANY**  
Certified Public Accountants

January 9, 2019

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Expenditures</u>
U.S. Department of Education					
Student Financial Aid - Cluster					
Pell Grant	84.063	P063P173165	07/01/17 - 06/30/18	\$ 24,206,154	\$ 23,640,875
Pell Grant	84.063	P063P163165	07/01/16 - 06/30/17	27,709,425	356,185
Pell Grant	84.063	P063P153165	07/01/15 - 06/30/16	36,328,926	(2,888)
Pell Grant	84.063	P063P143165	07/01/14 - 06/30/15	41,062,260	(11,695)
Pell Grant Administration	84.063	P063Q173165	07/01/17 - 06/30/18	33,525	33,525
Pell Grant Administration	84.063	P063Q163165	07/01/16 - 06/30/17	44,315	5,040
Pell Grant Administration	84.063	P063Q153165	07/01/15 - 06/30/16	58,595	405
Supplemental Ed Opportunity Grant	84.007	P007A172101	07/01/17 - 06/30/18	683,177	683,177
College Work Study	84.033	P033A172101	07/01/17 - 06/30/18	666,249	499,333
College Work Study	84.033	P033A162101	07/01/16 - 06/30/17	666,249	2,405
Federal Direct Student Loans Program	84.268	P268K183165	07/01/17 - 06/30/18	22,589,720	15,347,227
Federal Direct Student Loans Program	84.268	P268K173165	07/01/16 - 06/30/17	22,540,397	1,988,821
Total Student Financial Aid Cluster					<u>\$ 42,542,409</u>
U.S. Department of Education					
Direct Assistance:					
Student Support Services	84.042	P042A151355	09/01/17 - 08/31/18	410,159	\$ 317,335
Student Support Services	84.042	P042A151355	09/01/16 - 08/31/17	400,155	127,562
Predominantly Black Institutions Grant	84.031P	P031P110021	10/01/15 - 09/30/17	419,167	30,788
Total Direct Assistance					<u>\$ 475,685</u>

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

(continued)

Department of Education						
Passed Through State of Michigan						
Program Improvement	84.048A	183510	07/01/17 - 06/30/18	1,274,867	\$	1,274,867
Local Administration P/S	84.048A	183250	07/01/17 - 06/30/18	9,200		9,200
Adult Basic Education	84.002A	181130	07/01/17 - 06/30/18	350,000		350,000
Adult Basic Education	84.002A	181190	07/01/17 - 06/30/18	30,000		30,000
Gear Up Scholarship	84.334A		07/01/17 - 06/30/18	10,745		8,745
Total Pass through State of Michigan					\$	<u>1,672,812</u>
Total U.S. Department of Education					\$	<u>44,690,906</u>
U.S. Department of Labor						
Passed through Detroit Employment Solutions Corporation						
WIA - Cluster						
Out of School Youth (OSY)	17.259	AA267861555A26	07/01/17 - 06/30/18	419,720	\$	388,545
Diesel Mechanic Training (D-MTP)	17.258	AA267861555A26	09/23/17 - 09/22/18	107,216		80,097
Total WIA Cluster					\$	<u>468,642</u>
U.S. Department of Labor						
Direct Assistance:						
TAA Community College Career and Training (TAACCCT)	17.282	TC-26478-14-60-A-26	10/01/14 - 09/30/18	2,499,758	\$	821,549
Total U.S. Department of Labor					\$	<u>1,290,191</u>
Department of Health and Human Services						
Passed through Volunteers of America						
Health Profession Opportunity Grants 2.0	93.093	90FX0053-02-00	09/12/16 - 09/29/17	94,868	\$	<u>94,868</u>
Department of Health and Human Services						
Passed through University of Michigan						
Research Enhancement for Building Diversity in Detroit	93.859	1K12GM111725-01A1	08/01/16 - 07/31/17	50,040	\$	8,551
Research Enhancement for Building Diversity in Detroit	93.859	1K12GM111725-01A1	08/01/17 - 07/31/18	50,040		50,040
Total Passed Through University of Michigan					\$	<u>58,591</u>
Total U.S. Department of Health and Human Services					\$	<u>153,459</u>
Total Expenditures of Federal Awards					\$	<u>46,134,556</u>

The accompanying notes are an integral part of this schedule.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2018

(1) **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial awards programs of Wayne County Community College District (the "District") and is presented on the same basis of accounting as the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

(3) **MAJOR PROGRAMS**

Major programs were determined in accordance with the Uniform Guidance.

(4) **RECONCILIATION OF FEDERAL REVENUE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

Federal Revenue - Financial Statements:	
Operating Revenue	\$ 3,201,290
Non-Operating Revenue	<u>25,597,218</u>
Total	<u>\$ 28,798,508</u>
Federal Expenditures - SEFA	
Deduct Federal Direct Student Loans	<u>(17,336,048)</u>
Total	<u>\$ 28,798,508</u>

(5) **INDIRECT COST**

The 10% de minimis indirect cost rate was not elected.

(6) **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

The June 30, 2017 SEFA included, in error, non-federal grant expenditures of \$100,100 from the Detroit Employment Solutions Corporation for their Grow Detroit Young Talent program.



WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

- (1) The auditors' report expresses an unmodified opinion on the financial statements of the District.
- (2) There were no significant deficiencies disclosed during the audit of the financial statements.
- (3) There were no instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*.
- (4) There were no significant deficiencies in internal control over major federal award programs disclosed during the audit.
- (5) The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.
- (6) There were no audit findings that are required to be reported in accordance with Uniform Guidance.
- (7) The programs tested as major programs were:

84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (Pell)
84.268	Federal Direct Student Loans
- (8) The threshold used to distinguish between Type A and B programs was \$1,384,037.
- (9) The District did qualify as a low-risk auditee.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018  
(Continued)

**SECTION II: FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended June 30, 2018.

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no Federal Award Findings and Questioned Costs for the year ended June 30, 2018.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018

**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs for the year ended June 30, 2017.



**GREGORY  
TERRELL  
& COMPANY**

November 14, 2018

The Board of Trustees of  
Wayne County Community College District

In planning and performing our audit of the financial statements of Wayne County Community College District (the "District") for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those 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.

This report is intended solely for the information and use of senior management, the Board of Trustees, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

**GREGORY TERRELL & COMPANY**  
Certified Public Accountants  
Detroit, Michigan



**GREGORY  
TERRELL  
& COMPANY**

November 14, 2018

To the Board of Trustees of  
Wayne County Community College District

We have audited the financial statements of Wayne County Community College District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wayne County Community College District are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was adopted during 2018. The cumulative effect of the adoption of this pronouncement is also described in Note 13 to the financial statements. We noted no transactions entered into by Wayne County Community College District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Wayne County Community College District's financial statements were:

Management's estimate of the Allowance for Doubtful Accounts is based on judgement and experience with the collection of student receivables. We evaluated the key factors and assumptions used to develop the Allowance for Doubtful Accounts and in determining that it is reasonable in relation to the financial statements taken as a whole.

The recorded Net Pension and OPEB Liability is based on actuarial assumptions. We evaluated the underlined assumptions used to establish the liabilities and determining the liabilities are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 14, 2018.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Wayne County Community College District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Wayne County Community College District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

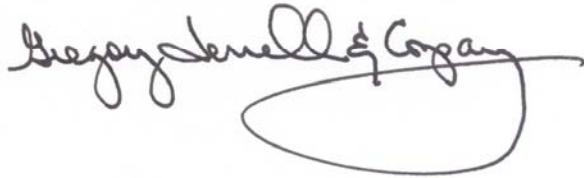
We applied certain limited procedures to the Management’s Discussion and Analysis (MD&A), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, and the Supplemental Pension Information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of Wayne County Community College District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Gregory Terrell & Company". The signature is written in a cursive style with a large, sweeping underline that loops back under the company name.

**GREGORY TERRELL & COMPANY**  
Certified Public Accountants  
Detroit, Michigan