

ALPENA COMMUNITY COLLEGE

Federal Financial Assistance Compliance Audit
For The Year Ended June 30, 2012

STRALEY, ILSLEY & LAMP P.C.

CONTENTS

	<u>Page</u>
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	1
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Financial Assistance	3
Schedule of Federal Financial Assistance	6
Notes to Schedule of Federal Financial Assistance	10
Schedule of Findings and Questioned Costs	13
Independent Auditors' Comments on Audit Resolution Matters Relating to SFA Programs	15
Attachment A - Auditor Information Sheet	16
Attachment B - Servicer Information	17



Certified Public Accountants

PHILIP T. STRALEY, C.P.A./P.F.S.
ROBERT D. ILSLEY, C.P.A.
BERNARD R. LAMP, C.P.A.
MARK L. SANDULA, C.P.A.
JAMES E. KRAENZLEIN, C.P.A./A.B.V./C.F.F.
ANDREW R. LAMP, C.P.A.
DONALD C. LEVREN

STRALEY, ILSLEY & LAMP P.C.

2106 U.S. 23 SOUTH, P.O. BOX 738
ALPENA, MICHIGAN 49707
TELEPHONE (989) 356-4531
FACSIMILE (989) 356-0494

TAX, AUDIT AND BUSINESS CONSULTANTS

RETIRED
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, 2012, and have issued our report thereon dated September 18, 2012. 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

Management of Alpena Community College, Alpena, Michigan, is responsible for establishing and maintaining effective 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 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 18, 2012.

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.

September 18, 2012



Certified Public Accountants

STRALEY, ILSLEY & LAMP P.C.

2106 U.S. 23 SOUTH, P.O. BOX 738

ALPENA, MICHIGAN 49707

TELEPHONE (989) 356-4531

FACSIMILE (989) 356-0494

PHILIP T. STRALEY, C.P.A./P.F.S.
ROBERT D. ILSLEY, C.P.A.
BERNARD R. LAMP, C.P.A.
MARK L. SANDULA, C.P.A.
JAMES E. KRAENZLEIN, C.P.A./A.B.V./C.F.F.
ANDREW R. LAMP, C.P.A.
DONALD C. LEVREN

TAX, AUDIT AND BUSINESS CONSULTANTS

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

To the Board of Trustees
Alpena Community College
Alpena, Michigan

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.

Compliance

We have audited Alpena Community College, Alpena, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Alpena Community College, Alpena, Michigan's major federal programs for the year ended June 30, 2012. 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 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, 2012.

Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alpena Community College, Alpena, Michigan'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.

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 deficiencies, 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 basic financial statements of Alpena Community College, Alpena, Michigan, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 18, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

January 4, 2013

This page left blank

Alpena Community College
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the year ended June 30, 2012

<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 Labor</u>			
Direct Programs:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	* 17.282	TC-22515-ESO	\$ 2,835,000
Total U.S. Department of Labor			<u>2,835,000</u>
<u>National Endowment for the Humanities</u>			
Direct Programs:			
Education and Human Resources Sustainability on Concrete Technology	47.076	DUE-1103676	200,000
			<u>200,000</u>
Promotion of the Humanities - Professional Development Shipwrecks and Maritime Landscapes of the Great Lakes	45.163	BI-50128-10	124,192
			<u>124,192</u>
Total National Endowment for the Humanities			<u>324,192</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Assistance Programs Cluster Federal Supplemental Educational Opportunity Grants (FSEOG) 2011/2012	* 84.007	P007A111973	51,908
			<u>51,908</u>
Federal Work-Study Program (FWS) 2006/2007 (FWS) 2008/2009 (FWS) 2010/2011 (FWS) 2011/2012	* 84.033	P033A061973 P033A081973 P033A101973 P033A111973	85,768 81,522 81,522 94,857
			<u>343,669</u>
Federal Pell Grant Program (PELL) 2010/2011 (PELL) 2011/2012 (PELL) Administration 2009/2010 (PELL) Administration 2010/2011 (PELL) Administration 2011/2012	* 84.063	P063P101622 P063P111622 P063Q091622 P063Q101622 P063Q111622	5,420,816 4,715,129 6,880 7,695 6,860
			<u>10,157,380</u>

* Major Program

Revenue Accrued (Deferred) at June 30, 2011	Prior Year(s) Expenditures	Current Year		Revenue Accrued (Deferred) at June 30, 2012	Total Expenditures
		Receipts	Expenditures		
\$ -	\$ -	\$ 346,945	\$ 358,496	\$ 11,551	\$ 358,496
-	-	346,945	358,496	11,551	358,496
-	-	46,565	54,494	7,929	54,494
-	-	46,565	54,494	7,929	54,494
1,696	1,696	114,924	113,228	-	114,924
1,696	1,696	114,924	113,228	-	114,924
1,696	1,696	161,489	167,722	7,929	169,418
-	-	51,908	51,908	-	51,908
-	-	51,908	51,908	-	51,908
-	74,750	11,018	11,018	-	85,768
-	77,907	3,615	3,615	-	81,522
-	78,458	3,064	3,064	-	81,522
-	-	70,055	70,055	-	70,055
-	231,115	87,752	87,752	-	318,867
(4,184)	5,420,816	(4,184)	-	-	5,420,816
-	20,000	4,691,290	4,695,129	3,839	4,715,129
-	6,875	5	5	-	6,880
-	7,380	315	315	-	7,695
-	-	6,860	6,860	-	6,860
(4,184)	5,455,071	4,694,286	4,702,309	3,839	10,157,380

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, 2012

<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 (continued)</u>			
Direct Programs:			
(Direct Loan) 2010/2011	* 84.268	P268K111622	\$ 3,091,984
Federal Direct - Subsidized			
Federal Direct - Unsubsidized			
Federal Direct - Plus			
			<u>3,091,984</u>
(Direct Loan) 2011/2012	* 84.268	P268K121622	3,347,814
Federal Direct - Subsidized			
Federal Direct - Unsubsidized			
Federal Direct - Plus			
			<u>3,347,814</u>
Total Student Financial Assistance Programs Cluster			<u>16,992,755</u>
TRIO Cluster:			
TRIO - Student Support Services	* 84.042	P042A071066	1,094,541
TRIO - Student Support Services	* 84.042	P042A110358	268,611
			<u>1,363,152</u>
TRIO - Talent Search	* 84.044	P044A080544	1,295,184
TRIO - Talent Search	* 84.044	P044A110158	230,000
			<u>1,525,184</u>
TRIO - Upward Bound	* 84.047	P047A080123	1,435,873
			<u>1,435,873</u>
Total TRIO Cluster			<u>4,324,209</u>
Total Direct Programs			<u>21,316,964</u>
Passed through Michigan Department of Energy, Labor and Economic Growth:			
Career and Technical Education	84.048A		
Local leadership		113250 11251	18,384
Local leadership		113510 11211	170,605
Local leadership		123250 12251	18,199
Local leadership		123510 12211	134,484
CAP Leadership		103670 11241	27,590
			<u>369,262</u>
Total U.S. Department of Education			<u>21,686,226</u>
Total Federal Financial Assistance			<u>\$ 24,845,418</u>

* Major Program

Revenue Accrued (Deferred) at June 30, 2011	Prior Year(s) Expenditures	Current Year		Revenue Accrued (Deferred) at June 30, 2012	Total Expenditures
		Receipts	Expenditures		
\$ 5,535	\$ 2,076,175	\$ 9,123	\$ 3,588	\$ -	\$ 2,079,763
(306)	1,008,532	457	763	-	1,009,295
-	2,926	-	-	-	2,926
<u>5,229</u>	<u>3,087,633</u>	<u>9,580</u>	<u>4,351</u>	<u>-</u>	<u>3,091,984</u>
-	-	1,917,253	1,980,096	62,843	1,980,096
-	-	1,084,185	1,130,505	46,320	1,130,505
-	-	23,754	23,754	-	23,754
-	-	<u>3,025,192</u>	<u>3,134,355</u>	<u>109,163</u>	<u>3,134,355</u>
<u>1,045</u>	<u>8,773,819</u>	<u>7,868,718</u>	<u>7,980,675</u>	<u>113,002</u>	<u>16,754,494</u>
1,697	972,797	41,705	40,008	-	1,012,805
-	-	228,830	231,377	2,547	231,377
<u>1,697</u>	<u>972,797</u>	<u>270,535</u>	<u>271,385</u>	<u>2,547</u>	<u>1,244,182</u>
1,823	943,889	256,729	239,052	(15,854)	1,182,941
-	-	183,870	194,853	10,983	194,853
<u>1,823</u>	<u>943,889</u>	<u>440,599</u>	<u>433,905</u>	<u>(4,871)</u>	<u>1,377,794</u>
1,943	1,028,287	363,738	359,287	(2,508)	1,387,574
<u>1,943</u>	<u>1,028,287</u>	<u>363,738</u>	<u>359,287</u>	<u>(2,508)</u>	<u>1,387,574</u>
5,463	2,944,973	1,074,872	1,064,577	(4,832)	4,009,550
<u>6,508</u>	<u>11,718,792</u>	<u>8,943,590</u>	<u>9,045,252</u>	<u>108,170</u>	<u>20,764,044</u>
-	18,384	(464)	(464)	-	17,920
31,344	151,367	31,344	-	-	151,367
-	-	17,682	17,796	114	17,796
-	-	47,776	131,076	83,300	131,076
<u>26,769</u>	<u>26,769</u>	<u>26,769</u>	<u>-</u>	<u>-</u>	<u>26,769</u>
<u>58,113</u>	<u>196,520</u>	<u>123,107</u>	<u>148,408</u>	<u>83,414</u>	<u>344,928</u>
<u>64,621</u>	<u>11,915,312</u>	<u>9,066,697</u>	<u>9,193,660</u>	<u>191,584</u>	<u>21,108,972</u>
<u>\$ 66,317</u>	<u>\$ 11,917,008</u>	<u>\$ 9,575,131</u>	<u>\$ 9,719,878</u>	<u>\$ 211,064</u>	<u>\$ 21,636,886</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.

A. BASIS OF PRESENTATION

The accompanying schedule of federal financial assistance (the Schedule) includes the federal grant activity of all federal financial assistance programs of Alpena Community College, Alpena, Michigan, under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principals contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

The Alpena Community College, Alpena, Michigan's reporting entity is defined in Note 1 to the College's financial statements. Expenditures reported on the schedule are reported on the same basis of accounting as the basic financial statements. Because the Schedule presents only a selected portion of the operations of Alpena Community College, Alpena, Michigan, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable of Alpena Community College, Alpena, Michigan. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule. Pass through indentifying numbers are presented where available.

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, 2012 the Alpena Community College, Alpena, Michigan's dollar threshold for larger Federal programs, which were regarded as Type A programs, were 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, 2012, Alpena Community College, Alpena, Michigan qualified as a low-risk auditee as defined in Section 530 of the circular. 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 and clusters expended. During the year ended June 30, 2012, the Alpena Community College, Alpena, Michigan expended 96.7% of its total expenditures of Federal Awards programs audited as Major Programs.

B. CFDA

This refers to the Catalog of Federal Domestic Assistance.

C. RECEIPTS

Current year receipts represent cash/payments-in-kind received from Federal sources during the period July 1, 2011 through June 30, 2012.

Alpena Community College

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 2--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	\$ 9,045,252
Accounts receivable - June 30, 2011	6,508
Accounts receivable - June 30, 2012	<u>(108,170)</u>
Total grant payment requests	\$ <u>8,943,590</u>
(GAPS) Drawdowns	\$ <u>8,943,590</u>

NOTE 3--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 Programs	\$ 148,408
Accounts receivable - June 30, 2011	58,113
Accounts receivable - June 30, 2012	<u>(83,414)</u>
Total grant payment requests	\$ <u>123,107</u>
Agency total current payments per	
MDE Grant Auditor Report	\$ <u>123,107</u>

Alpena Community College

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 4--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	\$ 7,649
Restricted Fund	<u>6,422,252</u>
Total Federal Revenues	6,429,901
Federal grant revenues from program income, receivables and refunds not reported in the audited financial statements at June 30, 2012 and reported in the Schedule of Federal Financial Assistance	2,863
Federal Vocational Education Program, C.F.D.A. #84.048 previously reported as State grants in the audited financial statements at June 30, 2012	148,408
Federal (Direct Loan) Programs, C.F.D.A. #84.268 previously not reported in the audited financial statements at June 30, 2012	<u>3,138,706</u>
Expenditures per Schedule of Federal Financial Assistance	<u>\$ 9,719,878</u>

Alpena Community College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2012

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. No reportable conditions relating to the audit of the financial statements are 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 Labor:
 - CFDA 17.282 - Trade Adjustment Assistance Community College and Career Training
 - U.S. Department of Education - Federal Student Aid Cluster:
 - CFDA 84.007 - Federal Supplemental Educational Opportunity Grant Program (SEOG)
 - 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 84.275 - Federal Direct Student Loans (Direct Loan)
 - CFDA 84.375 - Federal Academic Competitiveness Grants (ACG)
 - U.S. Department of Education - Trio Cluster:
 - CFDA 84.042 - TRIO - Student Support Services
 - CFDA 84.044 - TRIO -Talent Search
 - CFDA 84.047 - TRIO- Upward Bound

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, 2012

SECTION II - SUMMARY OF FINDINGS RELATING TO THE FINANCIAL STATEMENTS.

There were no findings or questioned costs related to the financial statements which are required to be reported under generally accepted government auditing standards for the year ended June 30, 2012.

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, 2012.

Alpena Community College

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

For the year ended June 30, 2012

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, 2012.

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: Richard Sutherland, Vice President for Administration and Finance

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 Work Study (FWS) - 84.033
Federal Pell Grant Program (Pell) - 84.063
Federal Direct Student Loans (Direct Loan) – 84.268

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 the 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, 2012. An unqualified opinion was expressed.

ATTACHMENT B - SERVICER INFORMATION

UNISA, INC.

7400 E. Arapahoe Rd., Suite 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		

ATTACHMENT B - SERVICER INFORMATION

UNISA, INC.

7400 E. Arapahoe Rd., Suite 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>
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		

ATTACHMENT B - SERVICER INFORMATION

UNISA, INC.

7400 E. Arapahoe Rd., Suite 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>
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			

ATTACHMENT B - SERVICER INFORMATION

UNISA, INC.

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

DIVISION OF RESPONSIBILITY FOR COMPLIANCE REQUIREMENTS

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	