

**MORaine VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524**

**SINGLE AUDIT**  
June 30, 2014

MORaine VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524  
Palos Hills, Illinois

SINGLE AUDIT REPORT  
June 30, 2014

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INDEPENDENT AUDITOR'S 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

The Board of Trustees  
Moraine Valley Community College –  
Community College District Number 524  
Palos Hills, Illinois

We have audited, in accordance with the 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 financial statements of Moraine Valley Community College – Community College District No. 524 (the College), which comprise the statement of net position as of June 30, 2014 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2014.

### 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") to determine the audit procedures that are appropriate in the circumstances 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe Horwath LLP

Oak Brook, Illinois  
October 10, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
Moraine Valley Community College –  
Community College District Number 524  
Palos Hills, Illinois

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

We have audited Moraine Valley Community College's – Community College District Number 524 (the College) 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 the College's major federal programs for the year ended June 30, 2014. 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.

### **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 College'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 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 the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

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

In our opinion, the College 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, 2014.

## **Report on Internal Control Over Compliance**

Management of the College 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 College'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 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 the College'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Schedule of Federal Expenditures of Awards**

We have audited the basic financial statements of the College as of and for the year ended June 30, 2014, and have issued our report thereon dated October 10, 2014 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. 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

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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 financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Oak Brook, Illinois  
October 10, 2014

MORAIN VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2014

<u>Federal Grantor/Pass-through Grant Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Labor:			
Direct Programs:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT)	17.282	# TC-22525-11-60-A-48 MOU 217805	\$ 1,276,843
Pass-through programs from:			
Chicago Cook Workforce Partnership:			
Workforce Investment Act (WIA):			
Dislocated Worker Formula Grants	17.278	2013-321	91,615
Dislocated Worker Formula Grants	17.278	2012-321-7-2	4,072
Adult Program	17.258	2013-221	57,140
Adult Program	17.258	2012-221-7-2	6,203
Youth Activities	17.259	2012-421-7	14,601
Youth Activities	17.259	2013-421	196,560
Total Workforce Investment Act (WIA) Cluster			<u>370,191</u>
Total Department of Labor			<u>1,647,034</u>
U.S. Department of Education:			
Direct Programs:			
Student Financial Aid:			
Federal Pell Grant Program	84.063	E-P063P072988	18,208,954 **
Federal Supplemental Educational Opportunity Grants	84.007	E-P007A071227	182,905 **
Federal Work-Study Program	84.033	E-P033A071227	136,375 **
Federal Direct Student Loans	84.268	P268K112988	6,717,635 **
Total Student Financial Aid			<u>25,245,869</u>
Higher Education Programs:			
Title III-A Higher Education Institutional Aid	84.031A	P031A080154-13	70,426
TRIO:			
TRIO Student Support Services	84.042A	P042A100391-13	208,584 **
TRIO Talent Search	84.044A	P044A110500-13	200,205 **
TRIO Upward Bound	84.047A	P047A0120505-13	274,113 **
Total TRIO			<u>682,902</u>
Total Direct Programs			<u>25,999,197</u>
Pass-through Programs From:			
Illinois Community College Board:			
Career and Technical Education Program:			
Postsecondary Basic	84.048	CTE 52414	409,302
Adult Education - Basic Grants to States	84.002	52401	287,070
Illinois Board of Higher Education / St. Xavier University:			
Race to the Top - Early Learning Challenge	84.412	2014-4999-00-6510- 8016051 S412A130011	2,931
Total Pass-through Programs			<u>699,303</u>
Total Department of Education			<u>26,698,500</u>

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MORaine VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2014

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<u>Federal Grantor/Pass-through Grant Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
National Science Foundation:			
Education and Human Resources Program:			
Center for System Security and Information Assurance	47.076	DUE - 1002746	\$ 429,916 *
Total National Science Foundation			<u>429,916</u>
Department of Defense:			
Pass-through Programs From:			
University of Texas San Antonio:			
Basic and Applied Scientific Research	12.300	26-0201-1565	11,575
Total Department of Defense			<u>11,575</u>
Total Expenditures of Federal Awards			<u>\$ 28,787,025</u>

\* Total Research and Development Grant Expenditures

\*\* Denotes a Major Program

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See accompanying notes to schedule.

MORaine VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2014

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule of Expenditures of Federal Awards, the College provided federal awards to subrecipients from the National Science Foundation CSSIA Grant as follows:

<u>Name of Subrecipient</u>	<u>Amount Provided</u>
University of Illinois	\$ 55,010

**NOTE 3 - MAJOR PROGRAMS**

In accordance with OMB Circular A-133, major programs for the College are individual programs or a cluster of programs determined by using a risk-based analysis. The threshold for distinguishing Type A and Type B programs was \$300,000. Student Financial Aid and TRIO are designated as clusters of programs which were determined to be major programs.

**NOTE 4 - FEDERAL STUDENT LOAN PROGRAMS**

Federally guaranteed loans issued to students of the College by financial institutions under the Federal Direct Loan (FDL) program were \$6,717,635 during the year ended June 30, 2014. The amount presented represents the value of new loans awarded during the year.

The College is responsible only for the performance of certain administrative duties with respect to the FDL program and, accordingly, these loans are not included in its financial statements, and it is not practical to determine the balance of loans outstanding to students and former students of the College under these programs at June 30, 2014.

**NOTE 5 - NONCASH AND FEDERAL INSURANCE**

The College did not receive noncash assistance or have Federal insurance in effect during the fiscal year.

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MORAIN VALLEY COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT NUMBER 524  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2014

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**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 deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None Reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Department of Education:
	Student Financial Aid Program Cluster:
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.268	Federal Direct Student Loans

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(Continued)

MORaine VALLEY COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT NUMBER 524  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS** (Concluded)

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Department of Education (Continued):
	TRIO Cluster:
84.042A	TRIO Student Support Services
84.044A	TRIO Talent Search
84.047A	TRIO Upward Bound

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings for the year ended June 30, 2014.

**SECTION III – FEDERAL AWARD FINDINGS**

There were no findings for the year ended June 30, 2014.

**SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no findings for the year ended June 30, 2013