



**Moraine Valley Community
College – Community College
District Number 524**

Reports required by the Uniform Guidance and
Government Auditing Standards

Year Ended June 30, 2018

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RSM US LLP

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 the business-type activities of Moraine Valley Community College – Community College District Number 524 (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 27, 2018.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
September 27, 2018

Independent Auditor's Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

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 – Community College District Number 524's (the College) 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 College's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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 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.

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, 2018.

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 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 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 or significant deficiencies. 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 the business-type activities of the College as of and for the year ended June 30, 2018, and have issued our report thereon dated September 27, 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
September 27, 2018

MORAIN VALLEY COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 524

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-through Grant Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Labor:				
Pass-through programs from:				
Chicago Cook Workforce Partnership:				
Workforce Innovation and Opportunity Act (WIOA):				
WIOA Dislocated Worker Formula Grants	17.278	2017-321	\$ -	\$ 71,964
WIOA Adult Program	17.258	2017-221	-	71,234
WIOA Dislocated Worker Formula Grants	17.278	2016-321	-	25,137
WIOA Adult Program	17.258	2016-221	-	26,643
WIOA Youth Activities	17.259	2017-521	-	239,249
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			-	434,227
Total Department of Labor			-	434,227
U.S. Department of Education:				
Direct Programs:				
Student Financial Aid:				
Federal Pell Grant Program	84.063	P063P162988	-	120,103 *
Federal Pell Grant Program	84.063	P063P172988	-	17,345,375 *
Federal Supplemental Educational Opportunity Grants	84.007	P007A161227	-	55,151 *
Federal Supplemental Educational Opportunity Grants	84.007	P007A171227	-	189,751 *
Federal Work-Study Program	84.033	P033A161227	-	15,304 *
Federal Work-Study Program	84.033	P033A171227	-	176,124 *
Federal Direct Student Loans	84.268	P268K182988	-	5,083,331 *
Federal Direct Student Loans	84.268	P268K172988	-	18,238 *
Total Student Financial Aid Cluster			-	23,003,377
Higher Education Programs:				
Title III-A Higher Education Institutional Aid	84.031A	P031A160217	-	480,876
Postsecondary Education:				
TRIO:				
TRIO Student Support Services Program	84.042A	P042A150459	-	286,328 *
TRIO Talent Search Program	84.044A	P044A160770	-	245,470 *
TRIO Upward Bound	84.047A	P047A120505	-	89,410 *
TRIO Upward Bound	84.047A	P047A170535	-	200,672 *
Total TRIO Cluster			-	821,880
Total Direct Programs			-	24,306,133
Pass-through programs from:				
Illinois Community College Board:				
Career and Technical Education - Basic Grants to States	84.048	CTE52418	-	482,519
Adult Education - Basic Grants to States	84.002	F5240118	-	96,131
Total Pass-through programs			-	578,650
Total Department of Education			-	24,884,783

See notes to Schedule of Expenditures of Federal Awards.

MORAIN VALLEY COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 524

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-through Grant Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Veterans Affairs: Veterans Benefits Administration: Post-9/11 Veterans Educational Assistance	64.028		\$ -	\$ 451,338
Total Department of Veterans Affairs			-	451,338
U.S. Department of Justice: Office of Justice Programs: Bulletproof Vest Partnership Program	16.607		-	744
Total Department of Justice			-	744
National Science Foundation: Direct Programs: Education and Human Resources: SFS: Capacity;A Streamlined Cyber-Security&Intelligence Pathway	47.076	DGE - 1623591	-	106,803 **
CSSIA Regional Support Center	47.076	DUE - 1465163	-	413,945 **
Subtotal Direct Programs			-	520,748
Pass-through programs from: University of Illinois at Chicago: Geosciences GP-IMPACT: Establishing Partnerships to Recruit Geoscience Undergraduates from Urban Chicago	47.050	ICER - 1600508	-	9,947 **
Total National Science Foundation			-	530,695
Department of Defense: Direct Programs: Information Security Grants	12.902	H98230-16-1-0347	-	53,294
2017 GenCyber Teacher/Student Grant	12.903	H98230-17-1-0254	-	75,710
CyberSecurity Workforce Education	12.905	H98230-17-1-0187	-	332,798
DoD IASP Cyber Security Workforce Education NK-12 CTE	12.902	H98230-17-1-0436	-	47,756
Cyber Security Workforce Education CNAP Initiatives	12.902	H98230-17-1-0330	-	246,933
Total Department of Defense			-	756,491
Total Expenditures of Federal Awards			\$ -	\$ 27,058,278

* Denotes a Major Program

** Research and Development Grant Expenditures

See notes to Schedule of Expenditures of Federal Awards.

**Moraine Valley Community College –
Community College District Number 524**

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Moraine Valley Community College – Community College District Number 524 (the College) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College. No funds were identified as having been provided to subrecipients by the College, and accordingly, no funds identified in the Schedule are attributable to subrecipient entities. There are no federal awards expended for non-cash assistance or insurance at year-end.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2018, the College issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans and Parent PLUS loans for undergraduate students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the Schedule. The College is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the College's basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the College at June 30, 2018.

**Moraine Valley Community College –
Community College District Number 524**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	___	Yes	<u>X</u>	None Reported
Noncompliance material to financial statements noted?	___	Yes	<u>X</u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	___	Yes	<u>X</u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	___	Yes	<u>X</u>	No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Federal Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work-Study Program
84.268	Federal Direct Student Loan Program
84.063	Federal Pell Grant Program
	TRIO Cluster:
84.042A	TRIO Student Support Services Program
84.044A	TRIO Talent Search Program
84.047A	TRIO Upward Bound

Dollar threshold used to distinguish between type A and type B programs:		\$811,748
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Auditee qualified as low-risk auditee?	___	Yes	<u>X</u>	No
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**Moraine Valley Community College –
Community College District Number 524**

**Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2018**

Section II. FINANCIAL STATEMENT FINDINGS

No matters to report.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings to report.



MORaine VALLEY COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2018

Identifying Number: 2017-001

Audit Finding: The data collection form for the audit year ended June 30, 2016 was not submitted to the Federal Audit Clearinghouse (FAC) on a timely basis.

Under the Uniform Grant Guidance, Section 200.512, *Report Submission*, the audit must be completed and the data collection form and reporting package described must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

Corrective Action Taken:

Management has updated the year-end closing calendar and audit procedures to include the requirement to complete the data collection form and submit the reporting package within 30 days after receipt of the auditor's report, when earlier than 9 months after the end of the audit period.

Responsible Person(s):

Mr. Michael Cipolla, Controller
cipollam2@morainevalley.edu
(708) 974-5208

Sincerely,

Theresa O'Carroll
Vice President, Business and Financial Services / College Treasurer