ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2014
**ELGIN COMMUNITY COLLEGE**  
**DISTRICT NUMBER 509**  
**ELGIN, ILLINOIS**  
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<th>Page(s)</th>
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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

Board of Trustees
Elgin Community College
District Number 509
Elgin, Illinois

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Elgin Community College District 509 (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise College’s basic financial statements, and have issued our report thereon dated September 19, 2014. We conducted our audit 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 Elgin Community College Foundation (the Foundation) were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 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 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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Naperville, Illinois
September 19, 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

Board of Trustees
Elgin Community College
District Number 509
Elgin, Illinois

Report on Compliance for Each Major Federal Program

We have audited Elgin Community College District 509’s (the College) compliance with the
types of compliance requirements described on the (OMB Circular A-133 Compliance
Supplement) that could have a direct and material effect on each of 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 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 Nonprofit 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.
Opinion of Each Major Federal Program

In our opinion, Elgin Community College District 509 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The College’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements the College as of and for the year ended June 30, 2014, and have issued our report thereon dated September 19, 2014, 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 OMB Circular A-133 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.

Purpose of this Report

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.

Naperville, Illinois
September 19, 2014
## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

<table>
<thead>
<tr>
<th>GRANTOR</th>
<th>Federal CFDA Number</th>
<th>Grant Number</th>
<th>Grant Periods</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAJOR PROGRAMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Education</td>
<td>84.063</td>
<td>P063P100107</td>
<td>07/01/13 - 06/30/14</td>
<td>$11,380,896</td>
</tr>
<tr>
<td>Direct Programs:</td>
<td>84.063</td>
<td>P063Q100107</td>
<td>07/01/13 - 06/30/14</td>
<td>19,755</td>
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<tr>
<td>Student Financial Aid Cluster:</td>
<td>84.007</td>
<td>P007A101145</td>
<td>07/01/13 - 06/30/14</td>
<td>207,005</td>
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<tr>
<td>Federal PELL Grant</td>
<td>84.033</td>
<td>P033A101145</td>
<td>07/01/13 - 06/30/14</td>
<td>136,796</td>
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<tr>
<td>PELL Administrative Allowance</td>
<td>84.033</td>
<td>P033A101145</td>
<td>07/01/13 - 06/30/14</td>
<td>7,024</td>
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<tr>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>84.033</td>
<td>P268K110107</td>
<td>07/01/13 - 06/30/14</td>
<td>4,473,357</td>
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<tr>
<td>Federal Work Study Program</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>College Work Study Administrative Allowance</td>
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<tr>
<td>Federal Direct Student Loans</td>
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<tr>
<td>Total Student Financial Aid Cluster</td>
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<td></td>
<td>16,224,833</td>
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<tr>
<td>Perkins Post-Secondary</td>
<td>84.048</td>
<td>CTE50914</td>
<td>07/01/13 - 06/30/14</td>
<td>346,662</td>
</tr>
<tr>
<td>CTE - Innovation</td>
<td>84.048</td>
<td>CTEL14509</td>
<td>07/01/13 - 06/30/14</td>
<td>13,247</td>
</tr>
<tr>
<td>CTE - STEM CCR Implementation and Mentoring</td>
<td>84.048</td>
<td>CTEL13007</td>
<td>11/16/12 - 08/31/13</td>
<td>50,000</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>409,909</td>
</tr>
<tr>
<td>Total U.S. Department of Education (major)</td>
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<td></td>
<td>16,634,742</td>
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<tr>
<td>U.S. Department of Veterans Affairs</td>
<td>64.027</td>
<td></td>
<td>07/01/13 - 06/30/14</td>
<td>372,514</td>
</tr>
<tr>
<td>Post 9/11 Veterans Educational Assistance</td>
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<td></td>
<td></td>
<td>372,514</td>
</tr>
<tr>
<td>Total U.S. Department of Veteran Affairs</td>
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<td></td>
<td></td>
<td>372,514</td>
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<tr>
<td>Total Major Programs</td>
<td></td>
<td></td>
<td></td>
<td>17,007,256</td>
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<tr>
<td>NONMAJOR PROGRAMS</td>
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<td></td>
</tr>
<tr>
<td>U.S. Department of Labor</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WIA Cluster</td>
<td>17.259</td>
<td>ECC 2013-IYRSA-02-15/005</td>
<td>07/01/13 - 06/30/14</td>
<td>173,974</td>
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<tr>
<td>Passed through Kane County Department of Employment &amp; Education:</td>
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<td></td>
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</tr>
<tr>
<td>WIA Youth Activities</td>
<td>17.259</td>
<td>2013-831/20:12-531</td>
<td>07/01/13 - 06/30/14</td>
<td>177,141</td>
</tr>
<tr>
<td>Passed through Workforce Development Council of Northern Cook County:</td>
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<td></td>
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<tr>
<td>WIA Youth Activities</td>
<td>17.259</td>
<td>2012-0615019</td>
<td>01/01/13-09/30/13</td>
<td>4,987</td>
</tr>
<tr>
<td>Total WIA Cluster</td>
<td></td>
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<td></td>
<td>356,102</td>
</tr>
<tr>
<td>Trade Adjustment Assistance Community College and Career Training Grants</td>
<td>17.282</td>
<td>TC-23795-12-60-A-17</td>
<td>10/01/12 - 09/30/16</td>
<td>183,961</td>
</tr>
<tr>
<td>Total U.S. Department of Labor</td>
<td></td>
<td></td>
<td></td>
<td>540,063</td>
</tr>
</tbody>
</table>

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ELGIN COMMUNITY COLLEGE  
DISTRICT NUMBER 509  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

<table>
<thead>
<tr>
<th>GRANTOR</th>
<th>Federal CFDA Number</th>
<th>Grant Number</th>
<th>Grant Periods</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NONMAJOR PROGRAMS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRIO Student Support Services</td>
<td>84.042A</td>
<td>P042A100415-13</td>
<td>09/01/13 - 08/31/14</td>
<td>$306,516</td>
</tr>
<tr>
<td>TRIO Student Support Services</td>
<td>84.042A</td>
<td>P042A100415</td>
<td>09/01/12 - 08/31/13</td>
<td>$134,203</td>
</tr>
<tr>
<td>TRIO Student Support Services - ESL</td>
<td>84.042A</td>
<td>P042A10083-13</td>
<td>09/01/13 - 08/31/14</td>
<td>$136,867</td>
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<tr>
<td>TRIO Student Support Services - ESL</td>
<td>84.042A</td>
<td>P042A100883</td>
<td>09/01/12 - 08/31/13</td>
<td>$35,609</td>
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<tr>
<td>TRIO Upward Bound</td>
<td>84.047A</td>
<td>P047A120747-13</td>
<td>10/01/13 - 09/30/14</td>
<td>$168,818</td>
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<tr>
<td>TRIO Upward Bound</td>
<td>84.047A</td>
<td>P047A080846-09</td>
<td>10/01/12 - 09/30/13</td>
<td>$44,194</td>
</tr>
</tbody>
</table>

Total TRIO Cluster 826,207

Passed through Illinois Community College Board:
- Federal Adult Education- Basic Grants to States 84.002A 50901 07/01/13 - 06/30/14 416,490
- EL/Civics Adult Education- Basic Grants to States 84.002A 50901 07/01/13 - 06/30/14 28,359
- Accelerating Opportunity Implementation 84.002A 14A0509 07/01/13 - 06/30/14 62,500

Total U.S. Department of Education (nonmajor) 1,343,266

U.S. Department of Health and Human Services

Passed through Illinois Department of Human Services:
- Temporary Assistance for Needy Families (TANF) 93.558 FCSSG00073 07/01/13 - 06/30/14 71,347

Total U.S. Department of Health and Human Services 71,347

Small Business Administration

Passed through the Illinois Department of Commerce and Economic Opportunity:
- Small Business Administration 59.037 12-801158 01/01/14 - 12/31/14 61,339
- Small Business Administration 59.037 13-801158 01/01/13 - 12/31/13 34,321

Total Small Business Administration 95,660

National Science Foundation

Education and Human Resources 47.076 0903090 9/15/10 - 08/31/13 52,799

Total National Science Foundation 52,799

Total Nonmajor Programs 2,103,135

**TOTAL EXPENDITURES OF FEDERAL AWARDS** $19,110,391
Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards has been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). It is a summary of the activity of Elgin Community College’s federal awards program prepared on the accrual basis of accounting. Accordingly, expenditures are recognized when the liability has been incurred and revenues are recognized when the qualifying expenditure has been incurred.

Note B - Federal Direct Loan Program

For the year ended June 30, 2014, Elgin Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of $4,473,357.

Note C - Other Information

Elgin Community College did not receive any federal insurance or federal non-cash assistance and did not provide any amounts to sub-recipients.
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  no
Significant deficiency(ies) identified not considered to be material weaknesses? yes  no
Noncompliance material to financial statements noted? yes  no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? yes  no
Significant deficiency(ies) identified not considered to be material weaknesses? yes  no

Type of auditor’s report issued on compliance for major programs:
Financial Aid Program Cluster unmodified opinion
Career and Technical Education - Basic Grants to States unmodified opinion
Chapter 33 Veterans Educational Assistance unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes  no
Section I - Summary of Auditor's Results (Continued)

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.063, 84.268,</td>
<td>Student Financial Aid Program Cluster</td>
</tr>
<tr>
<td>84.048</td>
<td>Career and Technical Education - Basic Grants to States</td>
</tr>
<tr>
<td>64.027</td>
<td>Post 9/11 Chapter 33 – Veterans Educational Assistance</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee?  

=x yes  ____ no

Section II - Financial Statement Findings

None
Section III - Federal Award Findings and Questioned Costs

2014-001: Support for Federal Work Study Wages - Student Financial Aid Cluster - CFDA#s 84.007, 84.033, 84.063, 84.268 - Grant Period - Year Ended June 30, 2014

Condition: During our testing of the Federal Work Study Program we noted one student out of the twenty-five students tested did not have the proper support for twenty-eight hours of worked over two pay periods. The missing support related to the lack of a supervisor’s approval of the hours worked by the student. Total questioned costs in this Single Audit finding amounted to $231. We consider this finding to be an instance of noncompliance with relation to the Allowable Costs Compliance Requirement.

Criteria: According to 34 CFR 675.19, the institution must establish and maintain program and fiscal records that include a certification by the student’s supervisor that each student has worked and earned the amount paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day.

Effect: The College did not have proper approval for twenty-eight hours worked by a student under the Federal Work Study Program which is reported as an instance of noncompliance and results in $231 of questioned costs for the undocumented hours.

Cause: The College’s internal controls did not identify the fact that hours worked by this student were not approved by a supervisor.

Recommendation: We recommend the College improve their payroll review process to ensure that all hours worked by Federal Work Study students are approved by a supervisor before students are paid for each payroll period.

Corrective Action Plan: Beginning February 1, 2015, the Payroll Department will run a report of unapproved timesheets on a periodic basis. The report of unapproved timesheets will be distributed electronically to senior level administrators to review the report, forward to any member of their team that has unapproved timesheets and follow up to insure all timesheets have been appropriately approved.

Section IV - Prior Year Audit Findings

None