

Northern Kane County Regional Career and Technical Education System

REPORTS REQUIRED BY OMB CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS

YEAR ENDED JUNE 30, 2014



Assurance ■ Tax ■ Consulting

Contents

| | <u>Page</u> |
|---|-------------|
| 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 <i>Government Auditing Standards</i> | 1 – 2 |
| Independent Auditor's Report on Compliance for the 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 | 3 – 5 |
| Schedule of Expenditures of Federal Awards | 6 |
| Notes to Schedule of Expenditures of Federal Awards | 7 |
| Schedule of Findings and Questioned Costs | 8 – 9 |
| Summary Schedule of Prior Audit Findings | 10 |



**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***

Members of the Board of Education
Northern Kane County Regional Career and Technical Education System
Elgin, 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 governmental activities and the major fund of Northern Kane County Regional Career and Technical Education System (the System) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 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.

The signature of McGladrey LLP is written in a cursive, handwritten style.

Chicago, Illinois
December 15, 2014



**Independent Auditor's Report on Compliance for the 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**

Members of the Board of Education
Northern Kane County Regional Career and Technical Education System
Elgin, Illinois

Report on Compliance for the Major Federal Program

We have audited the Northern Kane County Regional Career and Technical Education System's (the System) 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 the System's major federal program for the year ended June 30, 2014. The System's major federal program is 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 Responsibilities

Our responsibility is to express an opinion on compliance for the System's major federal program 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 System'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 the major federal program. However, our audit does not provide a legal determination of the System's compliance.

Opinion on the Major Federal Program

In our opinion, Northern Kane County Regional Career and Technical Education System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the System 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 System's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 System'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.

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

We have audited the financial statements of the governmental activities and the major fund of the System as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements. We issued our report thereon dated December 15, 2014 which contained unmodified opinions on those financial statements. Our audit for the year ended June 30, 2014 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2014 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 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 2014 information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2014, and certain additional 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 2014 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

We also previously audited, in accordance with auditing standards generally accepted in the United States, the System's basic financial statements as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 13, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities and the major fund. The schedule of expenditures of federal awards for the year ended June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic 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 2013 financial statements. The 2013 information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 2013 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

McGladrey LLP

Chicago, Illinois
December 15, 2014

ILLINOIS STATE BOARD OF EDUCATION
 100 NORTH FIRST STREET
 SPRINGFIELD, ILLINOIS 62777-0001

(attachment of ISBE 62-18)

County
 District/Joint Agreement Name
 Northern Kane
 District/Joint Agreement No.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2014

| Federal Agency/ Pass-through Grantor/ Program Name | CFDA Number (A) | ISBE Project Number (B) | Receipts | | Disbursements | | Obligations/ Encumbrances (G) | Final Status (H) | Budget (I) |
|--|-----------------------|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------------|------------------------|---------------|
| | | | 7/1/12- 6/30/13 (C) | 7/1/13- 6/30/14 (D) | 7/1/12- 6/30/13 (E) | 7/1/13- 6/30/14 (F) | | | |
| U.S. Department of Education: | | | | | | | | | |
| Direct grants: | | | | | | | | | |
| CTE - Perkins - Secondary | 84.048A | 2014-4745-00 | \$ - | \$ 475,219 | \$ - | \$ 558,947 | \$ 24,936 | \$ 583,883 | \$ 612,047 |
| | | 2013-4745-00 | 480,648 | 145,892 | 541,469 | 85,071 | - | 626,540 | 651,738 |
| | | 2012-4745-00 | 277,559 | - | 174,236 | - | - | 630,839 | 653,746 |
| Total Department of Education | | | \$ 758,207 | \$ 621,111 | \$ 715,705 | \$ 644,018 | \$ 24,936 | \$ 1,841,262 | \$ 1,917,531 |
| Total Federal Awards | | | \$ 758,207 | \$ 621,111 | \$ 715,705 | \$ 644,018 | \$ 24,936 | \$ 1,841,262 | \$ 1,917,531 |

CFDA Catalog of Federal Domestic Assistance

See Notes to Schedule of Expenditures of Federal Awards

Northern Kane County Regional Career and Technical Education System

Notes to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northern Kane County Regional Career and Technical Education System and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of financial statements. There were no federal awards expended for non-cash assistance, insurance or any loans or loan guarantees outstanding at year-end.

Note 2. Payments to Subrecipients

The following funds were identified as having been provided to subrecipients by the System, under the meaning of Sections 105 and 210 of OMB Circular A-133, and accordingly, these funds identified in the Schedule of Expenditures of Federal Awards are attributable to subrecipient entities as required under Section 310(b) of OMB Circular A-133:

| <u>Subrecipient Name</u> | <u>Amount</u> |
|---|-------------------|
| Community Unit School District #300 | \$ 130,459 |
| Central Community Unit School District #301 | 26,049 |
| Community Unit School District #303 | 69,320 |
| School District U-46 | <u>395,283</u> |
| Total Pass Through | <u>\$ 621,111</u> |

Basis of accounting: The schedule has been prepared using the cash basis of accounting which is the same basis used in preparing the basic financial statements of the System.

Northern Kane County Regional Career and Technical Education System

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs for federal awards.

Northern Kane County Regional Career and Technical Education System

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014**

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs for federal awards.