



**MIDDLESEX COMMUNITY COLLEGE**  
(A Component Unit of the Commonwealth of Massachusetts)

Auditors' Reports as Required by Office of  
Management and Budget (OMB) Circular A-133 and  
*Government Auditing Standards* and Related Information

Year ended June 30, 2012

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(A Component Unit of the Commonwealth of Massachusetts)

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Management and Budget (OMB) Circular A-133 and  
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Year ended June 30, 2012

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KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

Exhibit I

**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

The Board of Trustees  
Middlesex Community College:

**Compliance**

We have audited Middlesex Community College's (the College) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement (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, 2012, except the requirements discussed in the second paragraph of this report. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of current year findings and questioned costs (Exhibit IV). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We did not audit the College's compliance with the requirements governing certain administrative, reporting and loan repayment functions in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by Xerox Education Services, Inc. dba ACS Education Services, Inc.(the Servicer). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. The Servicer's compliance with the requirements governing the functions that it performs for the College for the year ended June 30, 2012 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of the Servicer's compliance with such requirements.

The College's financial statements include the operations of the Middlesex Community College Foundation, Inc. (the Foundation) for the year ended June 30, 2012. Our audit, described below, did not include the operations of the Foundation because the Foundation engaged other auditors to perform their audit in accordance with OMB Circular A-133, as applicable.

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



## Exhibit I

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. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to in the first paragraph 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 the College 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 the College'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 the College's internal control over compliance.

Requirements governing certain administrative, reporting and loan repayment functions in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by the Servicer. Internal control over compliance related to such functions for the year ended June 30, 2012 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of the Servicer's internal control over compliance related to such functions.

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 financial statements of the business-type activities and the discretely presented component unit of Middlesex Community College as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012 which contained unqualified opinions on those financial statements. Our report refers to the report of other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the College's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 25, 2012. The accompanying Schedule of Expenditures of Federal Awards is



## Exhibit I

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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 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 basic financial statements as a whole.

This report is intended solely for the information and use of management, the 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.

*KPMG LLP*

March 8, 2013

## MIDDLESEX COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Federal grantor/pass-through grantor/program title	CFDA number	Expenditures
U.S. Department of Education:		
Direct:		
Student Financial Assistance Cluster:		
Federal Pell Grant Program	84.063	\$ 11,654,483
Federal Supplemental Educational Opportunity Grants	84.007	195,785
Federal Work-Study Program	84.033	149,738
Federal Perkins Loan Program (note 3)	84.038	17,550
Federal Direct Loan Program (note 4)	84.268	6,220,278
Total Student Financial Cluster		<u>18,237,834</u>
Title III – Strategies for Success	84.031	328,037
TRIO Cluster:		
Student Success Program	84.042	540,053
Talent Search	84.044	310,978
Upward Bound	84.047	238,891
		<u>1,089,922</u>
Passed through the Massachusetts Department of Education:		
Adult Education – Basic Grants to States	84.002	17,602
GEAR UP	84.334	276,899
Carl D. Perkins Career & Technical Education Act Allocation	84.048	418,696
Passed through the CT Distance Learning Consortium:		
Online Center for Adult Learners	84.013	27,462
Passed Through the East West Center:		
Undergraduate International Studies and Foreign Language Programs	84.016A	6,500
Passed Through UMASS Lowell:		
Race to the Top	84.412	4,900
Total U.S. Department of Education		<u>20,407,852</u>
U.S. Department of Agriculture:		
Direct:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	6,737
Total U.S. Department of Agriculture		<u>6,737</u>
U.S. Department of Labor:		
Passed Through Metro North Regional Employment Board:		
WIA Cluster:		
WIA Adult Program	17.258	226,686
WIA Youth Activities	17.259	376,797
WIA Dislocated Workers	17.278	433,296
Total WIA Cluster		<u>1,036,779</u>
Employment Service Cluster:		
Employment Service/Wagner-Peyser Funded Activities	17.207	714,566
Disabled Veterans' Outreach Program (DVOP)	17.801	9,801
Total Employment Service Cluster		<u>724,367</u>

## MIDDLESEX COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Federal grantor/pass-through grantor/program title	CFDA number	Expenditures
Direct:		
Unemployment Insurance	17.225	158,043
Energy Sector Partners	17.275	14,195
Passed Through Quinsigimund Community College:		
Trade Adjustment Assistance Community College and Career	17.282	17,977
Total U.S. Department of Labor		<u>1,951,361</u>
U.S. Department of Energy:		
Direct:		
Renewable Energy Research and Development – Geothermal project	81.087	33,750
Total U.S. Department of Energy		<u>33,750</u>
U.S. Department of Housing and Urban Development:		
Direct:		
Community Development Block Grant	14.218	14,700
Total U.S. Department of Housing and Urban Development		<u>14,700</u>
U.S. National Science Foundation:		
Direct:		
Education and Human Resources – Math Across the Curriculum	47.076	8,459
Passed through University of Massachusetts:		
Education and Human Resources – Stokes	47.076	23,966
Education and Human Resources – BATEC	47.076	13,532
Computer and Information Science and Engineering – CAITE	47.070	9,069
Passed through Northeastern University:		
Education and Human Resources – Step up	47.076	42,469
Passed through Bunker Hill Community College:		
Education and Human Resources – CFATE	47.076	23,651
Total U.S. National Science Foundation		<u>121,146</u>
U.S. Department of Health & Human Services:		
Direct:		
HRSA- Equipment Grant	93.887	88,237
Total U.S. Department of Health and Human Services		<u>88,237</u>
U.S. Department of Justice – COPS Office:		
Direct:		
Public Safety Partnership and Community Policing Grants – Other Tech Grant	16.710	26,320
Total U.S. Department of Justice		<u>26,320</u>
U.S. Agency for International Development:		
Direct:		
Higher Education For Development (American Council on Education)	98.012	11,726
Total U.S. Agency for International Development		<u>11,726</u>
Total expenditures of federal awards		<u>\$ 22,661,829</u>

See accompanying notes to schedule of expenditures of federal awards.

**MIDDLESEX COMMUNITY COLLEGE**  
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

**(1) Definition of Reporting Entity**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Middlesex Community College (the College). All expenditures of federal financial assistance received directly from federal agencies and passed through other governmental entities is included on the schedule. The schedule does not include expenditures of federal awards of the Middlesex Community College Foundation, Inc., which is a component unit of the College.

**(2) Basis of Presentation**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting.

**(3) Federal Perkins Loan Program**

During the year ended June 30, 2012, \$17,550 of loans were advanced under the Federal Perkins Loan Program (Perkins). As of June 30, 2012, loan balances receivable, net under Perkins were \$433,632.

**(4) Federal Direct Loan Program**

During the year ended June 30, 2012, the College processed \$6,220,278 of new loans under the Federal Direct Loan Program (which includes Direct Subsidized and Unsubsidized Stafford Loans and Direct Parents' Loan for Undergraduate Students).

With respect to the Federal Family Education Loan Program, the College is responsible only for the performance of certain administrative duties and, accordingly, these loan balances are not included in the College's financial statements. It is not practical to determine the balances of loans outstanding from students of the College under this program at June 30, 2012.





KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

Exhibit III

**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  
Middlesex Community College:

We have audited the financial statements of the business-type activities and the discretely presented component unit of Middlesex Community College (the College) (a component unit of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 25, 2012. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Middlesex Community College Foundation, Inc. as described in our report on the College's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors.

**Internal Control over Financial Reporting**

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting, 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 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*.

This report is intended solely for the information and use of management, the board of trustees, and federal and state awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

October 25, 2012

**MIDDLESEX COMMUNITY COLLEGE**  
 (A Component Unit of the Commonwealth of Massachusetts)  
 Schedule of Current Year Findings and Questioned Costs  
 Year ended June 30, 2012

**(1) Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<u>  x  </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u>  x  </u> none reported
Noncompliance material to the 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 that are not considered to be material weaknesses?	_____	yes	<u>  x  </u> none reported
Type of auditors' report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	yes	<u>  x  </u> no

**MIDDLESEX COMMUNITY COLLEGE**  
 (A Component Unit of the Commonwealth of Massachusetts)  
 Schedule of Current Year Findings and Questioned Costs  
 Year ended June 30, 2012

**Identification of Major Programs**

Name of federal program or cluster	CFDA number
Student Financial Assistance Cluster:	
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Direct Loan Program	84.268
TRIO Cluster:	
Student Success Program	84.042
Talent Search	84.044
Upward Bound	84.047
Title III – Strategies for Success	84.031
Carl D. Perkins Career & Technical Education Act Allocation	84.048
WIA Cluster:	
WIA – Adult Program	17.258
WIA – Youth Activities	17.259
WIA – Dislocated Workers	17.278
Employment Services Cluster:	
Employment Service/Wagner-Peyser	17.207
Disabled Veterans' Outreach Program (DVOP)	17.801

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

Auditee qualified as low-risk auditee?  yes  no

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None.

**(3) Findings and Questioned Costs Relating to Federal Awards**

None.