

County of LaSalle, Illinois
Ottawa, Illinois

Report on Federal Awards
Year Ended November 30, 2013

County of LaSalle, Illinois

Report on Federal Awards

November 30, 2013

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters**

To the Chairman and Members
of the County Board
County of LaSalle
Ottawa, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of LaSalle, Illinois, (LaSalle County), as of November 30, 2013, and the related statements of activities and cash flows for the year ended November 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LaSalle County's internal control over financial reporting (internal control) to determine the auditing 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 LaSalle County's internal control. Accordingly, we do not express an opinion on the effectiveness of LaSalle County'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. We did identify a certain deficiency in internal control that we consider to be a significant deficiency, which is described in the accompanying schedule of findings and questioned costs as items 2013-II-01, 2013-II-02, 2013-II-03 and 2013-II-04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaSalle County'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*.

Responses to Findings

LaSalle County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. LaSalle County's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 LaSalle County's internal control on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaSalle County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

April 17, 2014
Mendota, Illinois

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance

To the Chairman and Members
of the County Board
County of LaSalle
Ottawa, Illinois

Report on Compliance for Each Major Federal Program

We have audited LaSalle County, Illinois' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have direct and material effect on each of its major federal programs for the year ended November 30, 2013. LaSalle County'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 for Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LaSalle County's major 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; 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 LaSalle County'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 LaSalle County's compliance.

Opinion

In our opinion, LaSalle County, 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 November 30, 2013.

Other Matters

Report on Internal Control Over Compliance

Management of LaSalle County 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 LaSalle County's internal control over compliance with the types of 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 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 LaSalle County'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 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. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of LaSalle County, Illinois, as of and for the year ended November 30, 2013 and the related notes to the financial statements, which collectively comprise LaSalle County, Illinois' basic financial statements, and have issued our report thereon dated April 17, 2014. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise LaSalle County, Illinois' basic financial statements. 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of internal control over 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.

Wipfli LLP

April 17, 2014
Mendota, Illinois

County of LaSalle, Illinois

Schedule of Expenditures of Federal Awards For the Year ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Agriculture			
Illinois State Board of Education:			
Child Nutrition Cluster:			
Food Donation Program (non cash)	10.555	35050024P00A1	\$ 101
Food Donation Program (non cash)	10.555	35050024P00A1	221
Total CFDA No. 10.555			322
School Breakfast Program	10.553	12-35050024P00	20,550
School Breakfast Program	10.553	13-35050024P00	788
Total CFDA No. 10.553			21,338
National School Lunch Program	10.555	12-35050024P00	11,234
National School Lunch Program	10.555	13-35050024P00	1,123
Total CFDA No. 10.555			12,357
Total child nutrition cluster			34,017
Illinois Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children			
WIC Administration	10.557	FCSRE00916	204,805
WIC Administration	10.557	FCSSQ00916	155,955
WIC Vouchers (non-cash)	10.557	366006612-SFY13	827,382
WIC Vouchers (non-cash)	10.557	366006612-SFY14	241,783
Total CFDA No. 10.557			1,429,925 (M)
Total Department of Agriculture			\$ 1,463,942
Department of Justice			
Illinois Criminal Justice Information Authority			
Crime Victims Assistance-			
Law Enforcement & Prosecutor Based Victim Assist #209040	16.575	3445SG130965	\$ 22,560
Total CFDA No. 16.575			22,560
Direct grant - no pass through			
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0862	10,233
Illinois Department of Human Services			
ARRA Redeploy Illinois	16.803	FCSRE01260	75,527
ARRA Redeploy Illinois	16.803	FSCCR03216	103,467
Total CFDA No. 16.803			178,994 (M)
Total Department of Justice			\$ 211,787
Department of Transportation			
Illinois Emergency Management Agency			
Interagency Hazardous Materials Public Sector Training and Planning-			
Hazardous Materials Emergency Preparedness Training & Planning	20.703	211HMEPLASA	\$ 12,573
Total Department of Transportation			\$ 12,573

County of LaSalle, Illinois

Schedule of Expenditures of Federal Awards (Continued)

For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Environmental Protection Agency			
Illinois Department of Public Health			
Performance Partnership Grants:			
Expense Implement Federal Award	66.605	63452501900	\$ 7,588
Total Environmental Protection Agency			\$ 7,588
Department of Health & Human Services			
Illinois Department of Public Health			
Public Health Emergency Preparedness Grant:			
Public Health Emergency Response	93.069	634827019000200	\$ 8,864
Total CFDA No. 93.069			8,864
Public Health Emergency Response	93.074	634827019000200	198,072
Total CFDA No. 93.074			198,072
Breast & Cervical Cancer	93.283	63482604400	29,351
Breast & Cervical Cancer	93.283	63482604400	21,462
Total CFDA No. 93.283			50,813
Illinois Department of Healthcare and Family Services			
Child Support Enforcement	93.563	2011-55-007-K2AU	15,769
Child Support Enforcement	93.563	2011-55-007-K2AU	6,344
Total CFDA No. 93.563			22,113
Illinois Department of Human Services			
Social Service Block Grant:			
Family Case Management / Downstate	93.667	4FCSS403099	6,100
Total CFDA No. 93.667			6,100
Illinois Department of Healthcare and Family Services			
Medical Assistance Program	93.778	366006612002FY13	81,371
Medical Assistance Program	93.778	366006612002FY14	24,533
Total CFDA No. 93.778			105,904
Illinois Department of Human Services			
Maternal and Child Health Services Block Grant			
Oral Health Program	93.994	03480156	1,548
Total CFDA No. 93.994			1,548
National Association of County and City Health Officials			
Medical Reserve Corp	93.008	(not provided)	4,000
Total Department of Health & Human Services			\$ 397,414

County of LaSalle, Illinois

Schedule of Expenditures of Federal Awards (Continued) For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Homeland Security			
Illinois Emergency Management Agency			
Federal Emergency Management Agency	97.036	FEMA 4116-099-UG842-00	\$ 7,079
Federal Emergency Management Agency	97.036	FEMA 4116-099-99099-00	20,073
Federal Emergency Management Agency	97.036	FEMA 4116-099-40160-00	1,486,062
Federal Emergency Management Agency	97.036	FEMA 4116-099-UQM1V-00	18,082
Federal Emergency Management Agency	97.036	FEMA 4116-099-40160-00	69,819
Total CFDA No. 97.036			1,601,115 (M)
Emergency Management Performance Grant	97.042	12EMALASAL	\$ 5,266
Total CFDA No. 97.042			5,266
Citizen Corps Program	97.067	(not provided)	9,159
Total CFDA No. 97.067			9,159
Total Department of Homeland Security			\$ 1,615,540
Total federal grant expenditures			\$ 3,708,844

(M) - Audited as a major federal program.

County of LaSalle, Illinois

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Accounting:

The accompanying schedule of expenditures federal awards includes the federal grant expenditures of LaSalle County, Illinois under programs of the federal government for the year ended November 30, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of LaSalle County, Illinois, it is not intended to and does not present the financial position, changes in net assets or cash flows of LaSalle County, Illinois.

Note 2 Significant Accounting Policies:

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 Subrecipient Payments:

None

Note 4 Noncash Assistance:

As reported on the Schedule of Expenditures of Federal Awards, LaSalle County dispensed noncash assistance in the form of food commodities, WIC food instruments, and immunizations. During the year ended November 30, 2012, the County received and used/expended the following non-cash assistance. These values are included in the determination of Federal awards expended.

Non-cash assistance type:	CFDA	Value
Food commodities	10.555	\$ 322
WIC vouchers (food instruments)	10.557	1,069,165
		<u>\$1,069,487</u>

Note 5 Other Federal Award Information:

LaSalle County did not receive or administer any insurance, loans or loan guarantees during the fiscal year ended November 30, 2013.

County of LaSalle, Illinois

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X	Yes	None reported
Noncompliance material to financial statements noted?	Yes	X	None reported

Federal Awards

Type of auditor's report issued on compliance for programs:	Unqualified		
Internal control over major programs:			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes	X	None reported
Noncompliance material to financial statements noted?	Yes	X	None reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes	X	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
16.803	ARRA Redeploy Illinois
97.036	Federal Emergency Management Agency
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	X Yes No

County of LaSalle, Illinois

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

Finding 2013-II-01

Condition - There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

Effects - Many of the accounting functions are performed by the same individuals.

Cause - The County has a limited number of staff to allow for adequate segregation of duties.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the County's accounting and financial reporting.

Management response - The County's management and County Board's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the county's accounting and financial reporting.

Finding 2013-II-02

Condition - The Aging of Accounts Receivable for the Nursing Home contains small amounts that should be reviewed to determine if the amounts should be written off or pursued for collection.

Effects - There may be small amounts that should be written off or pursued for collection. In addition, an accurate listing will give the department a better picture of where the Nursing Home is financially.

Cause - No one is routinely reviewing the Aging of Accounts Receivable for the Nursing Home.

Recommendation - We recommend that this listing be reviewed monthly or at a minimum quarterly so that the Nursing Home could follow up on these amounts to receive all the payments that are due to the Nursing Home and to get a better picture of where the Nursing Home is financially.

Management response - Procedures are being finalized to start this process in February/March 2014.

Finding 2013-II-03

Condition - We discovered during the current year audit, that a check to the LaSalle County General Fund was listed as outstanding for almost four months.

Effects - It is much easier to follow up on outstanding checks sooner rather than later after a vendor may have moved locations. In addition, this will be a good double check to make sure internal checks have been cashed.

Cause – No one is routinely reviewing outstanding checks to make sure they are cashed.

Recommendation – Someone should review the listings of outstanding checks each month for unusual items and follow up on any amounts that appear to be unusual.

Management response - The Treasurer's office will review outstanding checks each month and follow up as appropriate.

Finding 2013-II-04

Condition - The Circuit Clerk does not prepare an accurate trial balance indicating the liabilities for their cash balances.

Effects - Most likely a liability is overstated by a similar amount to account for the difference, but without calculating a monthly trial balance, it is difficult to identify where the amounts are owed.

Cause - The Circuit Clerk does not prepare an accurate trial balance indicating the liabilities for their cash balances.

Recommendation - The Circuit Clerk should prepare a monthly trial balance so that it can accurately determine where its cash deposits are owed.

Management response – The Circuit Clerk will devote resources to identifying the difference and begin steps to create a trial balance.

Section III – Federal Award Findings and Questioned Costs

None

County of LaSalle, Illinois

Corrective Action Plan

Finding 2013-II-01

Condition - There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

Plan - The County Board of LaSalle County, Illinois is aware that this condition exists and will closely supervise and review all accounting information and results on a regular basis.

Anticipated Date of Completion - None. The County lacks sufficient resources to completely address this finding. As mentioned in the plan above, Management and the County Board will continue to supervise and review all information to reduce the likelihood of errors.

Contact Person – Jody Wilkinson, County Auditor

Finding 2013-II-02

Condition - The Aging of Accounts Receivable for the Nursing Home contains small amounts that should be reviewed to determine if the amounts should be written off or pursued for collection.

Plan - Procedures are being finalized to start this process in February/March 2014.

Anticipated Date of Completion – November 30, 2014

Contact Person – Chris Csernus, Nursing Home Administrator

Finding 2013-II-03

Condition - We discovered during the current year audit, that a check to the LaSalle County General Fund was listed as outstanding for almost four months.

Plan - The Treasurer's office will review outstanding checks each month and follow up as appropriate.

Anticipated Date of Completion – November 30, 2014

Contact Person – Don Lamps, County Treasurer

Finding 2013-II-04

Condition - The Circuit Clerk does not prepare a trial balance indicating the liabilities for their cash balances.

Plan – The Circuit Clerk will devote resources to identifying the difference and begin steps to create a trial balance.

Anticipated Date of Completion – November 30, 2014

Contact Person – Andy Skoog, Circuit Clerk

County of LaSalle, Illinois

Schedule of Prior Audit Findings

Finding 2012-II-01

Condition - There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help prepare the financial statements and required footnote disclosures in accordance with accounting principles generally accepted in the United States of America. However, the County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Current Status - The County's management and County Board's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the county's accounting and financial reporting. This is a repeat finding for 2013.