

COUNTY OF LASALLE, ILLINOIS

A-133 INDEPENDENT AUDITOR'S REPORT

November 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of 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 and for the year ended November 30, 2011, and have issued our report thereon dated June 7, 2012, which contained an unqualified opinion on those financial statements.

Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise LaSalle County basic financial statements. The accompanying schedule of expenditures of federal awards, related notes, and other related information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 standard generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Mendota, Illinois
June 7, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited LaSalle County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the County of LaSalle, Illinois (LaSalle County)'s major federal programs for the year ended November 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LaSalle County's management. Our responsibility is to express an opinion on LaSalle County's compliance based on our audit.

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 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. Our audit does not provide a legal determination of LaSalle County's compliance with those requirements.

In our opinion, LaSalle County, complied, in all material respects, with the 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, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as 2011-III-01.

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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting, identified as items 2011-II-01. 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.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2011-III-01.

LaSalle County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit LaSalle County's response and, accordingly, we express no opinion on it.

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

Wipfli LLP

Mendota, Illinois
June 7, 2012



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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**

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

We have audited 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 and for the year ended November 30, 2011, which collectively comprise LaSalle County's basic financial statements and have issued our report thereon dated June 7, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LaSalle County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LaSalle County's internal control over financial reporting.

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.

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 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 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.

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 significant deficiencies or material weaknesses and. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-III-01. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of 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 and for the year ended November 30, 2011, and have issued our report thereon dated June 7, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise LaSalle County basic financial statements. The accompanying schedule of expenditures of federal awards, related notes, and other related information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

Schedule of Expenditures of Federal Awards (continued)

Such information is the responsibility of management 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 standard generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LaSalle County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LaSalle County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

Wipfli LLP

Mendota, Illinois
June 7, 2012

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2011

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	\$ 725
School Breakfast Program	10.553	11-35050024P00	5,498
School Breakfast Program	10.553	12-35050024P00	1,328
Total CFDA No. 10.553			6,826
National School Lunch Program	10.555	11-35050024P00	8,610
National School Lunch Program	10.555	12-35050024P00	2,095
Total CFDA No. 10.555			10,705
Total child nutrition cluster			18,256
Illinois Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children			
WIC Administration	10.557	11GL300000	258,645
WIC Administration	10.557	12GM300000	149,921
WIC Vouchers (non-cash)	10.557	366006612-SFY10	1,046,881
WIC Vouchers (non-cash)	10.557	366006612-SFY11	273,240
Total CFDA No. 10.557			1,728,687 (M)
Total Department of Agriculture			\$ 1,746,943
Department of Justice			
Direct grant - no pass-through			
Supervised Visitation, Safe Havens for Children	16.527	2006-CW-AX-0013	\$ 146,889
Supervised Visitation, Safe Havens for Children	16.527	2010-CW-AX-K015	\$ 89,500
Total CFDA No. 16.527			236,389
Illinois Criminal Justice Information Authority			
Crime Victims Assistance-			
Law Enforcement & Prosecutor Based Victim Assist #209040	16.575	2011-VA-GX-0061	23,300
Direct grant - no pass through			
State Criminal Alien Assistance Program	16.606	(not provided)	13,859
Illinois Department of Human Services			
ARRA Redeploy Illinois	16.803	82592490L	4,700
Total Department of Justice			\$278,248
Department of Transportation			
Illinois Emergency Management Agency			
Interagency Hazardous Materials Public Sector Training and Planning-			
Hazardous Materials Emergency Preparedness Training & Planning	20.703	(not provided)	\$ 6,546
Total Department of Transportation			\$ 6,546

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
For the Year Ended November 30, 2011

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:			
Potable Water Supply	66.605	05380334	\$ 6,097
Potable Water Supply	66.605	(not provided)	1,216
Total CFDA No. 66.605			7,313
Total Environmental Protection Agency			\$ 7,313
Department of Health & Human Services			
National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program #MRC 091552	93.008	1MRC061001-03	\$ 5,000
Illinois Department of Public Health			
Public Health Emergency Preparedness Grant:			
Public Health Emergency Plan	93.069	07181048-ext	77,512
Public Health Emergency Plan	93.069	27180048	25,517
Public Health Emergency Response Phase III	93.069	0781265	7,769
Total CFDA No. 93.069			110,798
Centers for Disease Control and Prevention			
Breast & Cervical Cancer	93.283	06180016	25,518
Breast & Cervical Cancer	93.283	16180017	42,051
Total CFDA No. 93.283			67,569
Illinois Department of Healthcare and Family Services			
Child Support Enforcement	93.563	2011-55-007-K3AS	7,944
Child Support Enforcement	93.563	2012-55-007-K3AS	9,260
Total CFDA No. 93.563			17,204
Illinois Department of Human Services			
Social Service Block Grant:			
Family Case Management / Downstate	93.667	K12GK300000	2,033
Teen Parent Services	93.667	K11GK300000	8,624
Total CFDA No. 93.667			10,657
Illinois Department of Healthcare and Family Services			
Medical Assistance Program	93.778	366006612002	139,769
Illinois Department of Human Services			
Maternal and Child Health Services Block Grant			
Oral Health Program	93.994	03480156	2,495
Total Department of Health & Human Services			\$ 353,492

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
For the Year Ended November 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Homeland Security			
Illinois Emergency Management Agency Interoperable Emergency Communications Grant	97.001	10IECGPLAS	\$ 14,226
Emergency Management Performance Grant	97.042	11EMALASAL	38,563
Citizen Corps Program	97.067	(not provided)	5,500
Total Department of Homeland Security			\$ 58,289
Total federal grant expenditures			\$ 2,450,831

(M) - Audited as a major federal program.

See Notes to Schedule of Federal Awards

COUNTY OF LASALLE, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 2011

(A) Basis of Accounting:

The accompanying schedule of expenditures federal awards includes the federal grant expenditures of LaSalle County and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

(B) Significant Accounting Policies:

Expenditures of federal awards are recognized in the accounting period when the liabilities are incurred and the goods or services are received.

The value of non-cash assistance is valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

(C) Subrecipient Payments:

None

(D) 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, 2011, 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	\$ 725
WIC vouchers (food instruments)	10.557	1,320,121
		<u>\$1,320,846</u>

(E) Other Federal Award Information:

LaSalle County did not receive or administer any insurance, loans or loan guarantees during the fiscal year ended November 30, 2011.

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended November 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unqualified		
<u>Internal control over financial reporting:</u>			
Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input checked="" type="checkbox"/>	Yes	None reported
Noncompliance material to financial statements noted?	Yes	<input checked="" type="checkbox"/>	None reported

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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10.557.....	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
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Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the year ended November 30, 2011

Section II – Financial Statement Findings

Finding 2011-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.

Section III – Federal Award Findings and Questioned Costs

Finding 2011-III-01

Applicable to WIC – CFDA 10.557.

Reporting

Criteria - Internal controls should be in place that provides reasonable assurance that reported grant information is accurate and submitted only after proper management approval.

Condition - The LaSalle County Health Department has a lack of segregation of duties relating to the internal control over its reporting requirement for the current year major programs. The same individual prepares, signs, and submits the quarterly reports, without any review and sign-off by another individual.

Questioned Costs – None.

Cause - There is a lack of segregation of duties relating to the internal controls over the reporting compliance requirement for the County's major programs. The same individual prepares, signs, and submits the quarterly reports, without any review and sign-off by another individual.

Effect - The lack of segregation of duties relating to the internal control over the grant's reporting compliance requirement creates a weakness in internal control. The lack of review can make the County vulnerable to mistakes, improper financial reporting, and noncompliance issues.

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the year ended November 30, 2011

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2011-III-01 (Continued)

Recommendation - We recommend the financial reports that are prepared for submission to the state be reviewed for accuracy and completeness, approved, and signed-off by the administrator or another manager prior to submission.

Management Response - The financial reports that are prepared for submission to the state will be reviewed for accuracy and completeness, approved, and signed-off by the administrator or another manager prior to submission.

COUNTY OF LASALLE, ILLINOIS

CORRECTIVE ACTION PLAN

For the year ended November 30, 2011

Finding 2011-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 - County Auditor

Finding 2011-III-01

Condition - The LaSalle County Health Department has a lack of segregation of duties relating to the internal control over its reporting requirement for the current year major programs. The same individual prepares, signs, and submits the quarterly reports, without any review and sign-off by another individual.

Plan - The financial reports that are prepared for submission to the state will be reviewed for accuracy and completeness, approved, and signed-off by the administrator or another manager prior to submission.

Anticipated Date of Completion - November 30, 2012

Contact Person - County Auditor

COUNTY OF LASALLE, ILLINOIS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended November 30, 2011

Section IV – Prior Year Findings

For the year-end November 30, 2010

Finding 2010-III-01

The LaSalle County Health Department has a lack of segregation of duties relating to the internal control over its reporting requirement for the current year major programs. The same individual prepares, signs, and submits the quarterly reports, without any review and sign-off by another individual. This finding still exists at November 30, 2011.

Finding 2010-III-02

The County's grantee department overclaimed grant expenses by reporting prepaid expenses as current year grant expenses. The finding was corrected in 2010.