

KANE COUNTY, ILLINOIS

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED
NOVEMBER 30, 2013**

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KANE COUNTY, ILLINOIS

Single Audit
For the Fiscal Year Ended November 30, 2013
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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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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
Kane County, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Kane County, Illinois (County), as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 30, 2014. Our report includes a reference to other auditors who audited the financial statements of the Forest Preserve District of Kane County (District), as described in our report on the County's financial statements. The financial statements of the District were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, described in the accompanying schedule of findings and questioned costs as Finding 2013-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Werner, Rogers, Doran & Ruyon, LLC

April 30, 2014



**Independent Auditor's Report on Compliance for Each Federal Major Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

To the Chairman and Members
of the County Board
Kane County, Illinois

Report on Compliance for Each Major Federal Program

We have audited Kane County, Illinois (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's major federal programs for the year ended November 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Forest Preserve District of Kane County (the "District") a discretely presented component unit of the County. Federal awards expended by the District, if any, are not included in the County's schedule of federal awards for the year ended November 30, 2013. Our audit, described below, did not include the operations of the District because the District engaged other auditors to perform an audit which was not performed in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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 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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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.

Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. 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.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-2 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 basic 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Werner, Rogers, Doran & Ruyon, LLC

April 30, 2014

KANE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through the Illinois State Board of Education			
Kane County Juvenile Justice Center			
School Breakfast Program 2013	10.553	31045005P00	\$ 37,233
School Breakfast Program 2014	10.553	31045005P00	3,124
Total CFDA #10.553			<u>40,357</u>
Food Commodities Distribution	10.555	31045005P00	5,562
National School Lunch Program 2013	10.555	31045005P00	57,580
National School Lunch Program 2014	10.555	31045005P00	4,846
Total CFDA #10.555			<u>67,988</u>
Total U.S. Department of Agriculture			<u>108,345</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through the Illinois Department of Commerce & Economic Opportunity			
Community Development Block Grant - IKE - 2011	14.218	B-08-DI-17-0001	864,383
Direct Award from the U.S. Department of Housing and Urban Development			
Kane County Community Development Department			
Community Development Block Grants/Entitlement Grants - 2009	14.218	B-UC-17-0008	5,921
Community Development Block Grants/Entitlement Grants - 2011	14.218	B-UC-17-0008	287,452
Community Development Block Grants/Entitlement Grants - 2012	14.218	B-UC-17-0008	419,171
Total Community Development Block Grants/Entitlement Grants			<u>712,544</u>
Neighborhood Stabilization Program	14.218	B-08-UN-17-0003	22,324
Total CFDA #14.218			<u>1,599,251</u>
Neighborhood Stabilization Program 3	14.228	B-11-DN-17-0001	731,707
Homeless Management Information System	14.235	IL0335B5T171003	101,471
HOME Investment Partnership Program - 2010	14.239	M-DC170220	18,750
HOME Investment Partnership Program - 2011	14.239	M-DC170220	522,921
HOME Investment Partnership Program - 2012	14.239	M-DC170220	140,766
Total CFDA #14.239			<u>682,437</u>
Lead Based Paint Hazard Control Grant Program	14.900	FR-5500-N-02A	163,210
Pass-Through the City of Aurora, Illinois			
Kane County Community Development Department			
Lead Based Paint Hazard Control Grant Program	14.900	FR-5500-N-02A	50,308
Pass-Through the City of Elgin, Illinois			
Kane County Community Development Department			
Lead Based Paint Hazard Control Grant Program	14.900	FR-5500-N-02A	118,556
Total CFDA #14.900			<u>332,074</u>
Total U.S. Department of Housing and Urban Development			<u>3,446,940</u>

KANE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S. DEPARTMENT OF JUSTICE:			
Pass-Through the Illinois Criminal Justice Information Authority			
Kane County Court Services			
Juvenile Accountability Initiative Block Grant	16.523	13JAL510040	\$ 7,410
Juvenile Accountability Initiative Block Grant	16.523	14JAL510040	4,315
Total CFDA #16.523			<u>11,725</u>
Pass-Through the Illinois Criminal Justice Information Authority			
Kane County State's Attorney's Office			
VOCA Child Advocacy Center Services	16.575	30VFL212056	6,586
VOCA Child Advocacy Center Services	16.575	40VFL212056	8,775
Prosecutor Based Victim Assistance	16.575	30VFL212035	60,840
Prosecutor Based Victim Assistance	16.575	40VFL212035	20,281
Total CFDA #16.575			<u>96,482</u>
Direct Award from the U.S. Department of Justice			
Kane County Sheriff's Office			
State Alien Assistance Program	16.606	2012-AP-BX	344,624
<i>Justice Assistance Cluster</i>			
Pass-Through the Illinois Criminal Justice Information Authority			
Kane County State's Attorney's Office			
Multi-Jurisdictional Drug Prosecution	16.738	30JAG410022	71,975
Multi-Jurisdictional Drug Prosecution	16.738	40JAG410022	55,188
Pass-Through the City of Aurora, Illinois			
Kane County Sheriff's Office			
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX	25,215
Total CFDA #16.738			<u>152,378</u>
Pass-Through the Illinois Criminal Justice Information Authority			
Kane County Sheriff's Office			
ARRA - Starcom 21 Equipment Grant	16.804	30JAG809238	113,715
<i>Total Justice Assistance Cluster</i>			
			<u>266,093</u>
Direct Award from the U.S. Department of Justice			
Kane County State's Attorney's Office			
Equitable Sharing Program	16.922	N/A	15,037
Total U.S. Department of Justice			
			<u>733,961</u>
U.S. DEPARTMENT OF LABOR:			
Pass-Through the Illinois Department of Commerce & Economic Opportunity			
Kane County Department of Employment and Education			
Trade Adjustment Assistance	17.245	11-661005	92,178
Trade Adjustment Assistance	17.245	12-661005	15,926
Total CFDA # 17.245			<u>108,104</u>
<i>Workforce Investment Act Cluster</i>			
Workforce Investment Act Title I-B Grants-Administration	17.255	12-681005	436,983
Workforce Investment Act Title I-B Grants-Administration	17.255	13-681005	45,708
Total CFDA #17.255			<u>482,691</u>

KANE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Workforce Investment Act Title I-B Grants-Adult	17.258	11-681005	\$ 229,415
Workforce Investment Act Title I-B Grants-Adult	17.258	12-681005	723,726
Workforce Investment Act Title I-B Grants-Adult	17.258	13-681005	105,795
Total CFDA #17.258			<u>1,058,936</u>
Workforce Investment Act Title I-B Grants-Youth	17.259	11-681005	153,138
Workforce Investment Act Title I-B Grants-Youth	17.259	12-681005	890,900
Workforce Investment Act Title I-B Grants-Youth	17.259	13-681005	424,849
Total CFDA #17.259			<u>1,468,887</u>
Workforce Investment Act Title I-B Grants-Dislocated	17.278	11-681005	23,596
Workforce Investment Act Title I-B Grants-Dislocated	17.278	12-681005	1,210,565
Workforce Investment Act Title I-B Grants-Dislocated	17.278	13-681005	202,812
Total CFDA #17.278			<u>1,436,973</u>
<i>Total Workforce Investment Act Cluster</i>			<u>4,447,487</u>
Workforce Investment Act Title I-B Incentive	17.267	10-672005	17,149
Pass-Through Will County, Illinois Kane County Department of Employment and Education Workforce Innovation Fund	17.283	12-113010	3,499
Total U.S. Department of Labor			<u>4,576,239</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-Through the Illinois Department of Transportation			
Kane County Division of Transportation			
Highway Planning and Construction Grants			
Bike Path	20.205	N/A	887,042
Bridges	20.205	N/A	1,826,970
Interconnects	20.205	N/A	497,755
Roads	20.205	N/A	3,374,115
Right of Ways	20.205	N/A	179,460
Total CFDA #20.205			<u>6,765,342</u>
Pass-Through the Illinois Emergency Management Agency Kane County Local Emergency Planning Committee Hazardous Material Emergency Preparedness Planning	20.703	HMEPKANE	1,997
Total U.S. Department of Transportation			<u>6,767,339</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through the Illinois Department of Public Health			
Kane County Health Department			
Potable Water Supply	66.605	25380264	11,525
Total U.S. Environmental Protection Agency			<u>11,525</u>
ELECTION ASSISTANCE COMMISSION			
Pass-Through the Illinois State Board of Elections			
Kane County - County Clerk			
Help America Vote Act - Phase III	90.401	13-0206	133,283
Total Election Assistance Commission			<u>133,283</u>

KANE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Pass-Through the National Association of County and City Health Officials			
Kane County Office of Emergency Management			
Medical Reserve Corps Capacity Building Awards	93.008	IMRCSG101005-01	\$ 4,000
Pass-Through the Illinois Department of Public Health			
Kane County Health Department			
Cities Readiness (SY 13)	93.069	37180106A	39,294
Cities Readiness (SY 14)	93.069	47180106B	24,702
Bioterrorism Preparedness (SY 13)	93.069	37180043A	195,259
Bioterrorism Preparedness (SY 14)	93.069	47180043B	117,463
Chicago MSA Risk Based Funding Initiative (RBF) Grant	93.069	37180128A	30,013
Total CFDA #93.069			<u>406,731</u>
Tuberculosis Directly Observed Therapy	93.116	35180061A	<u>101,346</u>
Pass-Through the Illinois Department of Public Health			
Kane County Health Department			
Vaccines for Children Program	93.268	35180039A	40,242
Pass-Through the Illinois Department of Public Health			
Kane County Health Department			
Vector Surveillance Program - West Nile Virus (SY 13)	93.283	25380361	91,274
Vector Surveillance Program - West Nile Virus (SY 14)	93.283	35300058A	34,561
Total CFDA #93.283			<u>125,835</u>
Pass-Through the Illinois Department of Human Services			
Kane County Health Department			
Maternal Infant Early Childhood Home Visitation (MIECHV) Grant	93.505	11GQ02071	73,848
Maternal Infant Early Childhood Home Visitation (MIECHV) Grant	93.505	11GQ02198	46,863
Maternal Infant Early Childhood Home Visitation (MIECHV) Grant	93.505	FCSSS03071	6,700
Total CFDA #93.505			<u>127,411</u>
Pass-Through the Illinois Department of Human Services			
Kane County Department of Employment and Education			
Serving the Client Program	93.558	3FCSR000619	2,554
Serving the Client Program	93.558	4FCSS000619	534
Total CFDA # 93.558			<u>3,088</u>
Pass-Through the Illinois Department of Healthcare and Family Services			
Kane County State's Attorney			
Title IV-D of the Social Security Act	93.563	31KSAO00004	312,564
Title IV-D of the Social Security Act	93.563	414KCC00044	177,545
Kane County Circuit Clerk			
Title IV-D - Child Support Enforcement Program	93.563	31KCC000044	9,244
Title IV-D - Child Support Enforcement Program	93.563	414KCC00044	11,928
Total CFDA #93.563			<u>511,281</u>
Pass-Through the Illinois Department of Human Services			
Kane County Health Department			
Healthy Child Care Illinois (SY 13)	93.575	3FCRSI01760	20,350
Healthy Child Care Illinois (SY 14)	93.575	4FCRSI01760	23,601
Early Childhood Network Grant (AOK) (SY 13)	93.575	3FCSRE01362	77,654
Early Childhood Network Grant (AOK) (SY 14)	93.575	4FCSSS01362	25,900
Total CFDA #93.575			<u>147,505</u>

KANE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Pass-Through the Illinois Department of Human Services Kane County Health Department Title XX Block Grant (SY 13)	93.667	3FCSRE00771	\$ 42,156
Total U.S. Department of Health and Human Services			<u>1,509,595</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through the Illinois Emergency Management Agency Kane County Office of Emergency Management Emergency Management Assistance Grant Program	97.042	3012EMAKANE	10,483
Emergency Management Assistance Grant Program Total CFDA #97.042	97.042	4013EMAKANE	<u>92,262</u>
			<u>102,745</u>
Total U.S. Department of Homeland Security			<u>102,745</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 17,389,972</u></u>

KANE COUNTY, ILLINOIS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended November 30, 2013

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Kane County (federal awards, if any, of the Kane County Forest Preserve District, a component unit of Kane County for financial reporting purposes, are not included), and is presented on the accrual basis of accounting. The information in this schedule 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, the basic financial statements.

Subrecipients

Of the federal expenditures presented in the schedule, the following federal awards were provided to subrecipients.

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Housing and Urban Development -		
Community Development Block Grant - IKE - 2011	14.218	\$ 835,736
Community Development Block Grants	14.218	552,962
Neighborhood Stabilization Program	14.218	1,562
HOME Investment Partnership Program	14.239	430,810
U.S. Department of Justice -		
Juvenile Accountability Initiative Block Grant	16.523	11,725
U.S. Department of Labor -		
Workforce Investment Act Title I-B Grants - Youth	17.259	1,007,843
Total provided to subrecipients		<u>\$ 2,840,638</u>

Insurance and Loans

Of the federal expenditures presented in the schedule, the County did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at year end.

Property

The County has received property, mainly in the form of road and bridge construction projects through the resources provided by the U.S. Department of Transportation. There are several ongoing construction projects and recent projects completed for which the County has recorded federal expenditures for the infrastructure and construction in progress performed by the State of Illinois with the use of federal funding. The County is the beneficiary of the construction projects. Certain estimates relating to the percentage of completion of the projects and the ultimate percentage of the federal share of the projects have been made in recording the expenditures in the accompanying Schedule of Expenditures of Federal Awards for the grants provided by the U.S. Department of Transportation.

KANE COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended November 30, 2013

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Kane County.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2. No material weaknesses were disclosed during the audit of the financial statements.
3. One significant deficiency that was not considered to be a material weakness was disclosed during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of Kane County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FEDERAL AWARDS

5. No material weaknesses were disclosed during the audit of compliance over major federal award programs.
6. One significant deficiency that was not considered to be a material weakness was disclosed during the audit of compliance over major federal award programs.
7. The auditor's report on compliance for the major federal award programs for Kane County expresses an unqualified opinion on the County's major federal programs.
8. There was one audit finding relative to the major federal award programs for Kane County that was required to be reported in accordance with Circular A-133, § .510(a).
9. The following programs were tested as major programs:

U.S. Department of Housing and Urban Development Neighborhood Stabilization Program 3	CFDA No. 14.228
U.S. Department of Justice Justice Assistance Cluster	CFDA Nos. 16.738, 16.804
U.S. Department of Labor Workforce Investment Act Cluster	CFDA Nos. 17.255, 17.258, 17.259, & 17.278
U.S. Department of Transportation Highway Planning and Construction Grants	CFDA No. 20.205
10. The threshold for distinguishing between Types A and B programs was \$521,699.
11. Kane County was not determined to be a low-risk auditee.

KANE COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended November 30, 2013

Financial Statement Finding

Finding 2013-1

Criteria: The County is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles which includes proper recording of all grant revenues and expenditures. OMB Circular A-133 §____.300 requires that the auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.

Condition: The County Sheriff's Department expended a federal award from the State Comptroller for the purpose of purchasing radio equipment and another federal award for the purpose of purchasing on-line subscriptions for policy manuals. The federal grant awards were expended, however, the activity related to the grant transactions was not properly identified and reported in the County's general ledger at the time the transactions took place; instead, the transactions were recorded in the Sheriff's off-line agency cash accounts. The accounting for the transactions was subsequently corrected and properly recorded in the County's general ledger.

Context: The condition relates to two federal grant transactions totaling \$138,930 out of several hundred federal grant transactions totaling over \$17 million recorded by the County during the fiscal year.

Effect: There was a reasonable possibility of a misstatement of the County's financial statements and the schedule of expenditures of federal awards.

Cause: Procedures requiring all County departments to report all grant activity to the County Finance Department were not followed. Additionally, the County did not reconcile payments received from the State Comptroller to the receipts recorded in the County's general ledger.

Recommendation: We recommend the County Finance Department re-emphasize the importance of reporting all financial activity at the departmental level to the County Finance Department. The County Finance Department should implement procedures to reconcile payments received from the State Comptroller to the receipts recorded in the County's general ledger on a quarterly basis.

Management Response: Management of the County concurs with the Finding. Management understands the importance of complete and accurate financial reporting.

Federal Award Finding

Finding 2013-2

Federal Program Names and CFDA #: Justice Assistance Cluster Edward Byrne Memorial Justice Assistance Grant CFDA # 16.738 and ARRA - Starcom 21 Equipment Grant CFDA # 16.804

Federal Agency: U.S. Department of Justice

Passed Through: The City of Aurora, Illinois (16.738) and the Illinois Criminal Justice Information Authority (16.804)

Criteria: See the criteria previously reported for finding 2013-1.

Condition: See the condition previously reported for finding 2013-1.

Questioned Costs: None

KANE COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended November 30, 2013

Context: See the context previously reported for finding 2013-1.

Effect: See the effect previously reported for finding 2013-1.

Cause: See the cause previously reported for finding 2013-1.

Recommendation: See the recommendation previously reported for finding 2013-1.

County Response: See the County response previously reported for finding 2013-1.

Summary Schedule of Prior Year Audit Findings For the Year Ended November 30, 2013

Prior Year Financial Statement Findings

There were no financial statement findings reported for the fiscal year ended November 30, 2012.

Prior Year Federal Award Finding

There were no federal award findings reported for the fiscal year ended November 30, 2012.

KANE COUNTY, ILLINOIS

Corrective Action Plan
For the Year Ended November 30, 2013

Finding 2013-1

Condition: The County Sheriff's Department expended a federal award from the State Comptroller for the purpose of purchasing radio equipment and another federal award for the purpose of purchasing on-line subscriptions for policy manuals. The federal grant awards were expended, however, the activity related to the grant transactions was not properly identified and reported in the County's general ledger at the time the transactions took place; instead, the transactions were recorded in the Sheriff's off-line agency cash accounts. The accounting for the transactions was subsequently corrected and properly recorded in the County's general ledger.

Corrective Action Plan: The County Finance Department has communicated to the Sheriff's Office the importance of reporting all financial activity to the County Finance Department in accordance with the County Financial Policies. The Sheriff's Office responded that this occurrence was an anomaly, that they normally comply with County Financial Policies regarding grant accounting, and that they will continue to comply with County Financial Policies in the future. The Finance Department will begin reconciling on a quarterly basis payments from the State Comptroller as recorded on the Comptroller's website to the receipts recorded in the County's general ledger system. In addition, the County will log all grants at the time their acceptance is authorized and confirm that financial activity relating to the grants is being recorded in the County's general ledger system.

Contact Person: Joseph Onzick, Executive Director of Finance

Anticipated Completion Date: June 30, 2014

Finding 2013-2

Condition: See the condition previously reported for finding 2013-1.

Corrective Action Plan: See the corrective action plan previously reported for finding 2013-1.

Contact Person: Joseph Onzick, Executive Director of Finance

Anticipated Completion Date: June 30, 2014