

KANE COUNTY, ILLINOIS

REPORT ON FEDERAL AWARDS

For the Year Ended November 30, 2014

KANE COUNTY, ILLINOIS

TABLE OF CONTENTS For the Year Ended November 30, 2014

| | <u>Page(s)</u> |
|---|----------------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 – 2 |
| Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 | 3 – 5 |
| Schedule of Expenditures of Federal Awards | 6 – 8 |
| Notes to Schedule of Expenditures of Federal Awards | 9 – 10 |
| Schedule of Findings and Questioned Costs | 11 – 14 |



Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

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*

Independent Auditors' Report

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

We have audited, 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, 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 as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise Kane County's basic financial statements, and have issued our report thereon dated May 21, 2015. Our report includes a reference to other auditors who audited the financial statements of the Forest Preserve District of Kane County, as described in our report on Kane County'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 those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kane 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 Kane County's internal control. Accordingly, we do not express an opinion on the effectiveness of Kane 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

Chairman and Members of the County Board
Kane County

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This significant deficiency is item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kane 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*.

Management of Kane County's Response to Finding

The management of Kane County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The management of Kane County's response was not subjected to the auditing 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 Kane County'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.


Oak Brook, Illinois
May 21, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the Kane County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Kane County's major federal program for the year ended November 30, 2014. Kane County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Kane County's basic financial statements include the operations of the Forest Preserve District of Kane County, which received \$576,080 in federal awards which is not included in the schedule of expenditures of federal awards during the year ended November 30, 2014. Our audit, described below, did not include the operations of the Forest Preserve District of Kane County because the component unit engaged other auditors to perform an audit 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 major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Kane County's major program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kane County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Chairman and Members of the County Board
Kane County

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Kane County's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Kane 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 Kane County's internal control over compliance with requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kane 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Purpose of this Report

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.

Chairman and Members of the County Board
Kane County, Illinois

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 Kane County as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise Kane County's basic financial statements. We have issued our report thereon dated May 21, 2015 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.

Baker Tilly Viechn-Kroen, LLP

Oak Brook, Illinois
May 21, 2015

KANE COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2014

| Federal Grantor / Program/Cluster Title | CFDA Number | Pass-Through Agency | Grant Number | Federal Expenditures |
|--|-------------|---|------------------------------------|----------------------|
| U.S. Department of Agriculture | | | | |
| <i>Child Nutrition Cluster:</i> | | | | |
| 2014 School Breakfast Program | 10.553 | IL State Board of Education | 31045005P00 | \$ 35,181 |
| 2015 School Breakfast Program | 10.553 | IL State Board of Education | 31045005P00 | 3,619 |
| 2014 National School Lunch Program | 10.555 | IL State Board of Education | 31045005P00 | 54,319 |
| 2015 National School Lunch Program | 10.555 | IL State Board of Education | 31045005P00 | 5,487 |
| National School Lunch Program - Commodities | 10.555 | IL State Board of Education | 31045005P00A7 | 5,880 |
| Summer Food Service Program for Children | 10.559 | IL Department of Public Health | none | 2,475 |
| <i>Total Child Nutrition Cluster:</i> | | | | <u>106,961</u> |
| Total U.S. Department of Agriculture: | | | | <u>\$ 106,961</u> |
| U.S. Department of Housing and Urban Development | | | | |
| <i>Community Development Block Grant - Entitlement Grants Cluster:</i> | | | | |
| 2012 Community Development Block Grant | 14.218 | Direct | B-UC-17-0008 | \$ 531,297 |
| 2013 Community Development Block Grant | 14.218 | Direct | B-UC-17-0008 | 326,246 |
| 2014 Community Development Block Grant | 14.218 | Direct | B-UC-17-0008 | 105,115 |
| 2011 Community Development Block Grant | 14.218 | Direct | B-UC-17-0008 | 11,100 |
| 2009 Community Development Block Grant | 14.218 | Direct | B-UC-17-0008 | 10,265 |
| <i>Total Community Development Block Grant - Entitlement Grants Cluster:</i> | | | | <u>984,023</u> |
| Neighborhood Stabilization Program (NSP3) | 14.228 | Direct | B-11-DN-17-0001 | 567,298 |
| Supportive Housing Program | 14.235 | Direct | IL0335LST171205 IL0335LST171306 | 110,130 |
| <i>HOME Investment Partnership Program:</i> | | | | |
| 2013 HOME Investment Partnership Program | 14.239 | Direct | M-14-DC-17-0220 | 207,513 |
| 2012 HOME Investment Partnership Program | 14.239 | Direct | M-14-DC-17-0220 | 151,006 |
| 2011 HOME Investment Partnership Program | 14.239 | Direct | M-14-DC-17-0220 | 44,428 |
| <i>Total HOME Investment Partnership Program:</i> | | | | <u>402,947</u> |
| Continuum of Care Program | 14.267 | Direct | IL0535LST171200 | 15,317 |
| <i>Lead Based Paint Hazard Control in Privately-Owned Housing:</i> | | | | |
| Lead Based Paint Hazard Control Grant (LHCP Grant) | 14.900 | Direct | ILLHB0500-11 | 237,873 |
| Lead Based Paint Hazard Control Grant (LHCP Grant) | 14.900 | City of Aurora | ILLHB0500-11 | 42,584 |
| <i>Total Lead Based Paint Hazard Control in Privately-Owned Housing:</i> | | | | <u>280,457</u> |
| Total U.S. Department of Housing and Urban Development: | | | | <u>\$ 2,360,172</u> |
| U.S. Department of Justice | | | | |
| <i>Juvenile Accountability Block Grants:</i> | | | | |
| Juvenile Accountability Incentive Block Grant FY14 | 16.523 | IL Department of Human Services | 4FCSSR03375 | \$ 20,000 |
| Juvenile Accountability Incentive Block Grant FY15 | 16.523 | IL Department of Human Services | 5FCSTR03375 | 12,772 |
| <i>Total Juvenile Accountability Block Grants:</i> | | | | <u>32,772</u> |
| Juvenile Justice Council Implementation FY15 | 16.540 | IL Department of Human Services | FCSTR03501 | 5,800 |
| <i>Crime Victim Assistance:</i> | | | | |
| Prosecutor Based Victim Assistance | 16.575 | IL Criminal Justice Information Authority | 40VFL213035 - 50VFL213035 | 60,841 |
| VOCA Child Advocacy Center Services | 16.575 | IL Criminal Justice Information Authority | 40VFL213056 | 22,254 |
| Prosecutor Based Victim Assistance | 16.575 | IL Criminal Justice Information Authority | 50VFL214035 | 20,280 |
| VOCA Child Advocacy Center Services | 16.575 | IL Criminal Justice Information Authority | 50VFL214056 | 5,564 |
| <i>Total Crime Victim Assistance:</i> | | | | <u>\$ 108,939</u> |

KANE COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2014

| Federal Grantor / Program/Cluster Title | CFDA Number | Pass-Through Agency | Grant Number | Federal Expenditures |
|--|-------------|--|------------------------------|----------------------|
| U.S. Department of Justice (cont'd) | | | | |
| State Criminal Alien Assistance Program | 16.606 | Direct | | \$ 250,228 |
| <i>Edward Byrne Memorial Justice Assistance Grant Program:</i> | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | IL Criminal Justice Information Authority | 40JAG409222 - 50JAG409222 | 86,381 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | IL Criminal Justice Information Authority | 50JAG412022 | 28,793 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | City of Aurora | | 9,253 |
| <i>Total Edward Byrne Memorial Justice Assistance Grant Program:</i> | | | | <u>124,427</u> |
| Total U.S. Department of Justice: | | | | <u>\$ 522,166</u> |
| U.S. Department of Labor | | | | |
| <i>Trade Adjustment Assistance:</i> | | | | |
| Trade Adjustment Assistance | 17.245 | IL Department of Commerce & Economic Opportunity | 12-661005 | \$ 78,860 |
| Trade Adjustment Assistance | 17.245 | IL Department of Commerce & Economic Opportunity | 13-661005 | 1,966 |
| <i>Total Trade Adjustment Assistance:</i> | | | | <u>80,826</u> |
| <i>WIA Cluster:</i> | | | | |
| WIA Administration * | 17.XXX | IL Department of Commerce & Economic Opportunity | 13-681005 | 314,884 |
| WIA Administration * | 17.XXX | IL Department of Commerce & Economic Opportunity | 14-681005 | 30,531 |
| WIA Administration * | 17.XXX | IL Department of Commerce & Economic Opportunity | 12-681005 | 3,310 |
| WIA Adult Programs * | 17.258 | IL Department of Commerce & Economic Opportunity | 13-681005 | 1,063,456 |
| WIA Adult Programs * | 17.258 | IL Department of Commerce & Economic Opportunity | 14-681005 | 256,791 |
| WIA Adult Programs * | 17.258 | IL Department of Commerce & Economic Opportunity | 12-681005 | 141,985 |
| WIA Youth Activities * | 17.259 | IL Department of Commerce & Economic Opportunity | 13-681005 | 1,301,024 |
| WIA Youth Activities * | 17.259 | IL Department of Commerce & Economic Opportunity | 12-681005 | 117,092 |
| WIA Youth Activities * | 17.259 | IL Department of Commerce & Economic Opportunity | 14-681005 | 27,078 |
| WIA Dislocated Worker Formula Grants * | 17.278 | IL Department of Commerce & Economic Opportunity | 13-681005 | 1,364,401 |
| WIA Dislocated Worker Formula Grants * | 17.278 | IL Department of Commerce & Economic Opportunity | 14-681005 | 295,006 |
| WIA Dislocated Worker Formula Grants * | 17.278 | IL Department of Commerce & Economic Opportunity | 12-681005 | 104,962 |
| <i>Total WIA Cluster:</i> | | | | <u>5,020,520</u> |
| Workforce Innovation Fund | 17.283 | Will County | 12-113010 | 257,783 |
| Total U.S. Department of Labor: | | | | <u>\$ 5,359,129</u> |
| U.S. Department of Transportation | | | | |
| <i>Highway Planning and Construction Cluster:</i> | | | | |
| Highway Planning and Construction | 20.205 | IL Department of Transportation | | \$ 5,872,314 |
| Highway Planning and Construction | 20.205 | Chicago Metropolitan Agency for Planning | | 163,667 |
| <i>Total Highway Planning and Construction Cluster:</i> | | | | <u>6,035,981</u> |
| RTA Ride in Kane | 20.505 | RTA Program Assessment | | 24,418 |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | IL Emergency Management Agency | 13HMEKANE | 1,971 |
| Job Access and Reverse Commute Program | 20.516 | Association for Individual Development | | 4,604 |
| Total U.S. Department of Transportation: | | | | <u>\$ 6,066,974</u> |
| U.S. Environmental Protection Agency | | | | |
| State Indoor Radon Grant | 66.032 | IL Emergency Management Agency | | \$ 6,000 |
| Performance Partnership Grants - Potable Water Supply | 66.605 | IL Department of Public Health | 45382043B | 11,475 |
| Total U.S. Environmental Protection Agency: | | | | <u>\$ 17,475</u> |

KANE COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2014

| Federal Grantor / Program/Cluster Title | CFDA Number | Pass-Through Agency | Grant Number | Federal Expenditures |
|--|-------------|---|--------------|----------------------|
| Election Assistance Commission | | | | |
| Help America Vote Act Requirements Payments | 90.401 | IL State Board of Elections | 15 0206 10 | \$ 22,759 |
| Total Election Assistance Commission: | | | | <u>\$ 22,759</u> |
| U.S. Department of Health and Human Services | | | | |
| <i>Public Health Emergency Preparedness:</i> | | | | |
| Bioterrorism Preparedness | 93.069 | IL Department of Public Health | 47180043B | \$ 154,122 |
| Bioterrorism Preparedness | 93.069 | IL Department of Public Health | 5057180043C | 92,683 |
| Cities Readiness Initiative | 93.069 | IL Department of Public Health | 47180106B | 45,648 |
| Cities Readiness Initiative | 93.069 | IL Department of Public Health | 5057180106C | 24,365 |
| <i>Total Public Health Emergency Preparedness:</i> | | | | <u>316,818</u> |
| <i>Project Grants and Cooperative Agreements for Tuberculosis Control Programs:</i> | | | | |
| TB Directly Observed Therapy | 93.116 | IL Department of Public Health | 45180011B | 300,000 |
| TB Directly Observed Therapy | 93.116 | IL Department of Public Health | 45180035B | 62,008 |
| TB Directly Observed Therapy | 93.116 | IL Department of Public Health | 35180061A | 29,060 |
| <i>Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs:</i> | | | | <u>391,068</u> |
| Immunization Cooperative Agreements - Vaccines for Children | 93.268 | IL Department of Public Health | 45180023B | 28,775 |
| <i>Center for Disease Control and Prevention - Investigations and Technical Assistance:</i> | | | | |
| Vector Surveillance Program - West Nile Virus (SY 14) | 93.283 | IL Department of Public Health | 35380058A | 103,684 |
| Vector Surveillance Program - West Nile Virus (SY 15) | 93.283 | IL Department of Public Health | 45380136B | 38,549 |
| <i>Total Center for Disease Control and Prevention - Investigations and Technical Assistance:</i> | | | | <u>142,233</u> |
| <i>Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program:</i> | | | | |
| Maternal Infant Early Childhood Home Visitation (MIECHV) | 93.505 | IL Department of Human Services | 4011GQ02071 | 110,601 |
| Maternal Infant Early Childhood Home Visitation (MIECHV) | 93.505 | IL Department of Human Services | 5Q11GQ02071 | 64,828 |
| Maternal Infant Early Childhood Home Visitation (MIECHV) | 93.505 | IL Department of Human Services | 4FCSS03071 | 53,300 |
| Maternal Infant Early Childhood Home Visitation (MIECHV) | 93.505 | IL Department of Human Services | 5FCST03071 | 39,821 |
| Maternal Infant Early Childhood Home Visitation (MIECHV) | 93.505 | IL Department of Human Services | 4011GQ02198 | 14,394 |
| <i>Total Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program:</i> | | | | <u>282,944</u> |
| <i>Temporary Assistance for Needy Families:</i> | | | | |
| Serving the Client Program | 93.558 | IL Department of Human Services | 4FCSSM00619 | 3,669 |
| Serving the Client Program | 93.558 | IL Department of Human Services | 5FCSTM00619 | 343 |
| <i>Total Temporary Assistance for Needy Families:</i> | | | | <u>4,012</u> |
| <i>Child Support Enforcement:</i> | | | | |
| Title IV-D- Child Support Enforcement Program | 93.563 | IL Department of Healthcare and Family Services | 414KSA00044 | 281,756 |
| Title IV-D- Child Support Enforcement Program | 93.563 | IL Department of Healthcare and Family Services | 514KSA00004 | 175,265 |
| Title IV-D- Child Support Enforcement Program | 93.563 | IL Department of Healthcare and Family Services | 414KCC00044 | 13,092 |
| Title IV-D- Child Support Enforcement Program | 93.563 | IL Department of Healthcare and Family Services | 515KCC00044 | 10,755 |
| <i>Total Child Support Enforcement:</i> | | | | <u>480,868</u> |
| <i>Child Care and Development Block Grant:</i> | | | | |
| Early Childhood Network Grant (AOK) | 93.575 | IL Department of Human Services | FCSREO1362 | 70,695 |
| Early Childhood Network Grant (AOK) | 93.575 | IL Department of Human Services | FCSTS01362 | 25,900 |
| Healthy Child Care Illinois | 93.575 | IL Department of Human Services | FCSTI01760 | 20,386 |
| Healthy Child Care Illinois | 93.575 | IL Department of Human Services | FCRSI01760 | 16,399 |
| <i>Total Child Care and Development Block Grant:</i> | | | | <u>133,380</u> |
| Social Services Block Grant - IDHFS Family Case Management Grant | 93.667 | IL Department of Human Services | FCSTU03179 | 27,650 |
| Total U.S. Department of Health and Human Services: | | | | <u>\$ 1,807,748</u> |
| U.S. Department of Homeland Security | | | | |
| Emergency Management Performance Grants | 97.042 | IL Emergency Management Agency | 4013EMAKANE | \$ 93,904 |
| Total U.S. Department of Homeland Security: | | | | <u>\$ 93,904</u> |
| Total Expenditures of Federal Awards: | | | | <u>\$ 16,357,288</u> |

*Denotes a major program

KANE COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As of and for the Year Ended November 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Kane County, Illinois under programs of the federal government for the year ended November 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The reporting entity for Kane County is based upon criteria established by the Governmental Accounting Standards Board. Kane County is the primary government according to GASB criteria, while the Forest Preserve District of Kane County is a component unit. Federal awards received directly by the Forest Preserve District of Kane County are not included in this report since the Forest Preserve District of Kane County has been audited by other auditors for their grants and those amounts are reported in a separate report.

NOTE 2 – SUMMARY OF 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.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

| <u>Federal Grantor / Program Title</u> | <u>CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|--|------------------------|---|
| U.S. Department of Housing and Urban Development Community Development Block Grant - Entitlement Grant Cluster | 14.218 | \$ 129,940 |
| U.S. Department of Justice Juvenile Accountability Block Grants | 16.523 | 32,772 |
| U.S. Department of Labor WIA Cluster | 17.259 | <u>1,002,375</u> |
| Total | | <u>\$ 1,165,087</u> |

KANE COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- > Material weaknesses identified? yes X no
- > Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

FEDERAL AWARDS

Internal control over federal award programs:

- > Material weaknesses identified? yes X no
- > Significant deficiencies identified? yes X none reported

Type of auditor's report issued on compliance of federal award programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

 yes X no

Auditee qualified as low-risk auditee?

 X yes no

Identification of major federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program</u> |
|--------------------------------|--------------------------------|
| 17.XXX, 17.258, 17.259, 17.278 | WIA Cluster |

Dollar threshold used to distinguish between type A and type B programs:

\$ 490,719

KANE COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Finding 2014-001: Off Balance Sheet Bank Accounts

Criteria: A properly functioning internal control system should encompass the entirety of the County's operations. The operation of accounts outside the County's internal control environment circumvents the control procedures implemented by the County.

Condition: Several departments and offices of the County utilize bank accounts that are not maintained in the County's general ledger software and that have activity/processes operating outside the County's control environment.

Cause: Departments and offices have the ability to open and operate bank accounts without requirement to be reported in the County's general ledger or follow the policies and procedures established within the County's control environment.

Effect or Potential Effect: The ability to open and operate bank accounts without being maintained in the general ledger may lead to the County's financial statements failing to include all bank accounts held in the County's name or properly report revenues and expenditures. By operating the accounts outside the County's control procedures and policies, errors may go undetected that would otherwise be identified by the County's control procedures.

Recommendations for Corrective Action: We recommend that all bank accounts opened and operated by the County's departments and offices be maintained on the County's general ledger. We also recommend that transactional activity running through these off-book accounts be required to follow the same approval and review procedures required for all other County activity.

Management Response: Management agrees with Baker Tilly's recommendation, and will continue to strongly encourage all offices that have separate cash accounts to bring those accounts "on-line" by processing transactions through the County's general ledger system on a timely basis and to be subject to the County's internal control procedures. Where it is not feasible for offices to bring such accounts "on-line", management will strongly encourage that offices document and implement internal control procedures that include the preparation of bank reconciliations on a monthly basis, and the requirement for reconciliations and disbursements to be reviewed and approved by a second party.

KANE COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2014

SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS

None.

KANE COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2014

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

It was noted for Federal Award Findings and Questioned Costs No. 2013-002 that recommendations provided by the auditors in the prior year were implemented and no instances of non-compliance were noted during fiscal year 2014.