

# **KANE COUNTY, ILLINOIS**

## REPORT ON FEDERAL AWARDS

For the Year Ended November 30, 2015

# KANE COUNTY, ILLINOIS

## TABLE OF CONTENTS For the Year Ended November 30, 2015

---

	<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 – 13

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, 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, 2015, 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 18, 2016. 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, Illinois

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 2015-001.

### ***Compliance and Other Matters***

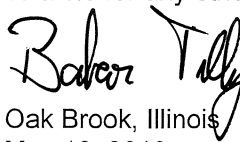
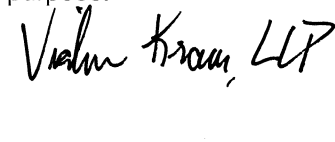
As part of obtaining reasonable assurance about whether Kane County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.

  *Robert Tally Valerie Krom, LLP*

Oak Brook, Illinois  
May 18, 2016

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, 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 programs for the year ended November 30, 2015. Kane County's major federal programs are 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 \$533,700 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended November 30, 2015. 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 each of Kane County's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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, Illinois

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 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 each of its major federal programs for the year ended November 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of 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 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 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, 2015, 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 18, 2016 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 Tully Vachon Kraam, LLP*  
Oak Brook, Illinois  
May 18, 2016

KANE COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2015

Federal Grantor / Program/Cluster Title	CFDA Number	Pass-Through Agency	Grant Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster:</i>				
2014 School Breakfast Program	10.553	IL State Board of Education	31045005P00	\$ 38,879
2015 School Breakfast Program	10.553	IL State Board of Education	31045005P00	34,607
2014 National School Lunch Program	10.555	IL State Board of Education	31045005P00	59,843
2015 National School Lunch Program	10.555	IL State Board of Education	31045005P00	53,233
2014 National School Lunch Program - Commodities	10.555	IL State Board of Education	31045005P00A7	5,880
2015 National School Lunch Program - Commodities	10.555	IL State Board of Education	31045005P00A7	6,100
Summer Food Service Program for Children	10.559	IL Department of Public Health	55280021C	6,800
<i>Total Child Nutrition Cluster:</i>				<u>205,342</u>
<b>Total U.S. Department of Agriculture:</b>				<u>\$ 205,342</u>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Community Development Block Grant/Entitlement Grants Cluster:</i>				
2013 Community Development Block Grant *	14.218	Direct	B-13-UC-17-0008	\$ 710,227
2014 Community Development Block Grant *	14.218	Direct	B-14-UC-17-0008	673,796
2015 Community Development Block Grant *	14.218	Direct	B-15-UC-17-0008	<u>64,151</u>
<i>Total Community Development Block Grant/Entitlement Grants Cluster:</i>				<u>1,448,174</u>
Neighborhood Stabilization Program (NSP3)	14.228	Direct	B-08-UN-17-0003	<u>238,675</u>
Supportive Housing Program	14.235	Direct	IL0335L5T171407 IL0335L5T171306	<u>121,745</u>
<i>Home Investment Partnership Program:</i>				
2014 HOME Investment Partnership Program *	14.239	Direct	M-14-14-DC-17-0220	189,275
2013 HOME Investment Partnership Program *	14.239	Direct	M-13-14-DC-17-0220	188,275
2012 HOME Investment Partnership Program *	14.239	Direct	M-12-14-DC-17-0220	43,639
2011 HOME Investment Partnership Program *	14.239	Direct	M-11-14-DC-17-0220	<u>21,199</u>
<i>Total Home Investment Partnership Program:</i>				<u>442,388</u>
Continuum of Care Program	14.267	Direct	IL0535L5T171200	<u>19,198</u>
<i>Lead Based Paint Hazard Control in Privately-Owned Housing:</i>				
Lead Based Paint Hazard Control Grant (LHCP Grant)	14.900	Direct	ILLHB0500-11	211,082
Lead Based Paint Hazard Control Grant (LHCP Grant)	14.900	City of Aurora	ILLHB0500-11	<u>68,245</u>
<i>Total Lead Based Paint Hazard Control in Privately-Owned Housing:</i>				<u>279,327</u>
<b>Total U.S. Department of Housing and Urban Development:</b>				<u>\$ 2,549,507</u>
<b>U.S. Department of Justice</b>				
<i>Juvenile Accountability Block Grants:</i>				
Juvenile Accountability Incentive Block Grant FY14	16.523	IL Department of Human Services	FCSUR03914	\$ 10,762
Juvenile Accountability Incentive Block Grant FY15	16.523	IL Department of Human Services	5FCSTR03375	<u>14,194</u>
<i>Total Juvenile Accountability Block Grants:</i>				<u>24,956</u>
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	IL Department of Human Services	FCSTR03501	<u>18,618</u>
<i>Crime Victim Assistance:</i>				
Prosecutor Based Victim Assistance	16.575	IL Criminal Justice Information Authority	2014-VA-GX-0037	60,841
Prosecutor Based Victim Assistance	16.575	IL Criminal Justice Information Authority	2015-VA-GX-0049	18,172
VOCA Child Advocacy Center Services	16.575	IL Criminal Justice Information Authority	50VFL214056	5,564
VOCA Child Advocacy Center Services	16.575	IL Criminal Justice Information Authority	50VFL214056	<u>17,790</u>
<i>Total Crime Victim Assistance:</i>				<u>102,367</u>
Kane County Drug Court Treatment & Recovery Support Services	16.585	Bureau of Justice Assistance	2014-DC-BX-0077	<u>23,315</u>
State Criminal Alien Assistance Program	16.606	Direct	n/a	<u>120,913</u>
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	IL Criminal Justice Information Authority	50JAG412022	105,176
Edward Byrne Memorial Justice Assistance Grant Program	16.738	IL Criminal Justice Information Authority	2014-DJ-BX-1183	9,598
Edward Byrne Memorial Justice Assistance Grant Program 2012	16.738	City of Aurora	n/a	19,930
Edward Byrne Memorial Justice Assistance Grant Program 2013	16.738	City of Aurora	n/a	25,215
Edward Byrne Memorial Justice Assistance Grant Program 2014	16.738	City of Aurora	n/a	<u>9,253</u>
<i>Total Edward Byrne Memorial Justice Assistance Grant Program:</i>				<u>169,172</u>
Equitable Sharing Program	16.922	Direct	IL045013A	<u>12,248</u>
<b>Total U.S. Department of Justice:</b>				<u>\$ 471,589</u>



KANE COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2015

Federal Grantor / Program/Cluster Title	CFDA Number	Pass-Through Agency	Grant Number	Federal Expenditures
<b>U.S. Department of Labor</b>				
<i>Trade Adjustment Assistance:</i>				
Trade Adjustment Assistance	17.245	IL Department of Commerce & Economic Opportunity	13-661005	\$ 94,413
Trade Adjustment Assistance	17.245	IL Department of Commerce & Economic Opportunity	14-661005	7,279
<i>Total Trade Adjustment Assistance:</i>				<u>101,692</u>
<i>WIA Cluster:</i>				
WIA Administration	17.XXX	IL Department of Commerce & Economic Opportunity	13-681005	172,661
WIA Administration	17.XXX	IL Department of Commerce & Economic Opportunity	14-681005	413,918
WIA Adult Programs	17.258	IL Department of Commerce & Economic Opportunity	13-681005	268,428
WIA Adult Programs	17.258	IL Department of Commerce & Economic Opportunity	14-681005	1,100,310
WIA Youth Activities	17.259	IL Department of Commerce & Economic Opportunity	13-681005	61,359
WIA Youth Activities	17.259	IL Department of Commerce & Economic Opportunity	14-681005	1,213,317
WIA Youth Activities	17.259	IL Department of Commerce & Economic Opportunity	15-681005	585,847
WIA Dislocated Worker Formula Grants	17.278	IL Department of Commerce & Economic Opportunity	13-681005	195,966
WIA Dislocated Worker Formula Grants	17.278	IL Department of Commerce & Economic Opportunity	14-681005	1,400,910
WIA Dislocated Worker Formula Grants	17.278	IL Department of Commerce & Economic Opportunity	15-681005	34,562
WIA Dislocated Worker Formula Grants	17.278	IL Department of Commerce & Economic Opportunity	12-654005	139,392
<i>Total WIA Cluster:</i>				<u>5,586,670</u>
Workforce Innovation Fund	17.283	Will County	12-113010	<u>57,468</u>
<b>Total U.S. Department of Labor:</b>				<u>\$ 5,745,830</u>
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction *	20.205	IL Department of Transportation	Various	\$ 3,886,436
Job Access and Reverse Commute Program	20.516	Association for Individual Development	n/a	<u>3,762</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	IL Emergency Management Agency	14HMEKANE	<u>3,193</u>
<b>Total U.S. Department of Transportation:</b>				<u>\$ 3,893,391</u>
<b>U.S. Environmental Protection Agency</b>				
State Indoor Radon Grant	66.032	IL Emergency Management Agency		\$ 5,872
Performance Partnership Grants - Potable Water Supply	66.605	IL Department of Public Health	55380163C	<u>11,038</u>
<b>Total U.S. Environmental Protection Agency:</b>				<u>\$ 16,910</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Public Health Emergency Preparedness:</i>				
Bioterrorism Preparedness	93.069	IL Department of Public Health	6067180043D	\$ 98,772
Bioterrorism Preparedness	93.069	IL Department of Public Health	5057180043C	159,940
Cities Readiness Initiative	93.069	IL Department of Public Health	6067180106D	21,746
Cities Readiness Initiative	93.069	IL Department of Public Health	5057180106C	35,715
<i>Total Public Health Emergency Preparedness:</i>				<u>316,173</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	IL Department of Public Health	55180254C	<u>8,595</u>
<i>Substance Abuse and Mental Health Services - Projects of Regional and National Significance:</i>				
Drug Rehabilitation (9/30/14 - 9/29/15)	93.243	Substance Abuse & Mental Health Services Administration	1H79TI025918-01	208,541
Drug Rehabilitation (9/30/15 - 9/29/16)	93.243	Substance Abuse & Mental Health Services Administration	5H79TI025918-02	<u>44,293</u>
<i>Total Substance Abuse and Mental Health Services - Projects of Regional and National Significance:</i>				<u>252,834</u>
<i>Immunization Cooperative Agreements:</i>				
Immunization Cooperative Agreements - Vaccines for Children	93.268	IL Department of Public Health	45180023B	25,484
Immunization Cooperative Agreements - Vaccines for Children	93.268	IL Department of Public Health	55180238C	<u>40,692</u>
<i>Total Immunization Cooperative Agreements:</i>				<u>66,176</u>

**KANE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2015

Federal Grantor / Program/Cluster Title	CFDA Number	Pass-Through Agency	Grant Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (cont'd)</b>				
<i>Center for Disease Control and Prevention - Investigations and Technical Assistance:</i>				
Vector Surveillance Program - West Nile Virus (SY 15)	93.283	IL Department of Public Health	45380136B	\$ 43,316
Vector Surveillance Program - West Nile Virus (SY 16)	93.283	IL Department of Public Health	55380266C	<u>23,550</u>
<i>Total Center for Disease Control and Prevention - Investigations and Technical Assistance:</i>				<u>66,866</u>
<i>Affordable Care Act (ACA) Nursing Assistant and Home Health Aide Program:</i>				
Maternal Infant Early Childhood Home Visitation (MIECHV)	93.505	IL Department of Human Services	5FCTST03070	44,932
Maternal Infant Early Childhood Home Visitation (MIECHV)	93.505	IL Department of Human Services	6FCSU03570	23,685
Maternal Infant Early Childhood Home Visitation (MIECHV)	93.505	IL Department of Human Services	5FCSTS03071	34,621
Maternal Infant Early Childhood Home Visitation (MIECHV)	93.505	IL Department of Human Services	6FCSU03071	7,395
Maternal Infant Early Childhood Home Visitation (MIECHV)	93.505	IL Department of Human Services	n/a	<u>3,500</u>
<i>Total Affordable Care Act (ACA) Nursing Assistant and Home Health Aide Program:</i>				<u>114,133</u>
Title IV-D - Child Support Enforcement Program	93.563	IL Department of Healthcare and Family Services	2015-55-007-KAK	<u>25,590</u>
<i>Child Care and Development Block Grant:</i>				
Early Childhood Network Grant (AOK)	93.575	IL Department of Human Services	FCSTS01362	66,806
Healthy Child Care Illinois	93.575	IL Department of Human Services	FCSTI01760	23,505
Healthy Child Care Illinois	93.575	IL Department of Human Services	FCRSI01760	<u>19,614</u>
<i>Total Child Care and Development Block Grant:</i>				<u>109,925</u>
State Court Improvement Program - Child Protection Data Courts Project	93.586	Administrative Office of Illinois Courts	n/a	<u>1,336</u>
<i>State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF):</i>				
Chronic Disease & School Health Program	93.757	IL Department of Human Services	53280004C	51,819
Chronic Disease & School Health Program	93.757	IL Department of Human Services	63280009D	<u>27,080</u>
<i>Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF):</i>				<u>78,899</u>
<i>Social Services Block Grant:</i>				
Social Services Block Grant - IDHFS Family Case Management Grant	93.667	IL Department of Human Services	FCSUU03179	9,176
Social Services Block Grant - IDHFS Family Case Management Grant	93.667	IL Department of Human Services	FCSTU03179	<u>11,810</u>
<i>Total Social Services Block Grant:</i>				<u>20,986</u>
<b>Total U.S. Department of Health and Human Services:</b>				<u>\$ 1,061,513</u>
<b>U.S. Department of Homeland Security</b>				
Emergency Management Performance Grants	97.042	IL Emergency Management Agency	6015EMAKANE	\$ 90,829
<b>Total U.S. Department of Homeland Security:</b>				<u>\$ 90,829</u>
<b>Total Expenditures of Federal Awards:</b>				<u>\$ 14,034,911</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, 2015

---

### **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, 2015. 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.

# KANE COUNTY, ILLINOIS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2015

---

### 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 Justice Juvenile Accountability Block Grants	16.523	\$ 24,956
U.S. Department of Labor WIA Cluster	17.259	<u>1,860,523</u>
Total		<u>\$ 1,885,479</u>

# KANE COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2015

---

### 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>
14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
20.205	Highway Planning and Construction

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

  \$  421,047

# KANE COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2015

---

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

---

#### ***Finding 2015-001: 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. Until such accounts are brought "on-line", management will strongly encourage all offices having such accounts to adhere to internal control procedures that include the following requirements: for bank reconciliations to be prepared on a monthly basis, for reconciliations and disbursements to be reviewed and approved by a second party, and for reconciliations and transaction reports to be submitted to the Finance Department on a quarterly basis for review. Although we recognize that elected officials are not required to comply with these requirements, we encourage them to do so in order to achieve the highest standard in internal control.

# **KANE COUNTY, ILLINOIS**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2015**

---

### **SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS**

---

None.