

DEKALB COUNTY, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
December 31, 2010



Certified Public Accountants & Business Advisors

DEKALB COUNTY, ILLINOIS
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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

The Honorable Chairman
Members of the County Board
DeKalb County
Sycamore, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information which collectively comprise the basic financial statements of DeKalb County, Illinois, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeKalb County's basic 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*.

We noted other matters that we have communicated to the management of DeKalb County in a separate letter dated May 6, 2011.

This report is intended solely for the information of and the use of the County Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aurora, Illinois
May 6, 2011

A handwritten signature in black ink, appearing to read "Bill 220", is positioned to the right of the date.



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

The Honorable Chairman
Members of the County Board
DeKalb County
Sycamore, Illinois

Compliance

We have audited DeKalb County, Illinois' compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. DeKalb County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of DeKalb County's management. Our responsibility is to express an opinion on DeKalb County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about DeKalb County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on DeKalb County's compliance with those requirements.

In our opinion, DeKalb County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of DeKalb County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered DeKalb County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DeKalb County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the governmental activities, business-type activities, each major fund and the aggregate remaining fund information which collectively comprise the basic financial statements of DeKalb County as of and for the year ended December 31, 2010, and have issued our report thereon dated May 6, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information of and the use of the County Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Aurora, Illinois
May 6, 2011

A handwritten signature in black ink, appearing to read "Bill 22". The signature is written in a cursive, flowing style.

DEKALB COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2010

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Revenues	Expenditures
Department of Health and Human Services	Illinois Department of Public Health	Public Health Emergency Preparedness	93.069	\$ 199,080	\$ 199,080
Department of Health and Human Services	Illinois Department of Human Services	Family Planning Services	93.217		
		State Contract # L11GM145350	State FY 10	40,115	40,115
		State Contract # M11GM145350	State FY 11	66,241	66,241
			Total 93.217	106,356	106,356
Department of Health and Human Services	Illinois Department of Public Health	Immunization Grants - Noncash	93.268	348,182	348,182
Department of Health and Human Services	Illinois Office of the Attorney General	Child Support Enforcement - Title IV-D	93.563	45,419	45,419
Department of Health and Human Services	Illinois Department of Commerce and Economic Opportunity	Community Services Block Grant	93.569	190,509	190,509
Department of Health and Human Services	Illinois Department of Commerce and Economic Opportunity	ARRA - Community Services Block Grant	93.710	181,667	181,667
Department of Health and Human Services	Illinois Department of Commerce and Economic Opportunity	Community Services Block Grant - Revolving Loan	n/a	32,223	32,223
		Total Community Services Block Grant Cluster		404,399	404,399
Department of Health and Human Services	Illinois Department of Human Services	Title XX Block Grant	93.667		
		State Contract #L11GM145350	State FY 10	55,886	55,886
		State Contract #M11GM145350	State FY 11	33,352	33,352
		Homeless Prevention		2,000	2,000
		Total Title XX Block Grant		91,238	91,238

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Revenues	Expenditures
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Medical Assistance Program	93.778	\$ 230,097	\$ 230,097
Department of Health and Human Services	Winnebago County - Department of Public Health	HIV Care Formula Grants	93.917	60,244	60,244
Department of Health and Human Services	Winnebago County - Department of Public Health	HIV Prevention Activities - Health Department Based	93.944	8,635	8,635
Department of Health and Human Services	Illinois Department of Human Services	Maternal and Child Health Services Block Grant to the States	93.994		
		State Contract #L11GM145350	State FY10	13,200	13,200
		State Contract #M11GM145350	State FY11	13,800	13,800
			Total 93.994	27,000	27,000
Department of Homeland Security	Illinois Emergency Management Agency	Interoperable Emergency Communications Grant Program	97.001	2,186	2,186
Department of Homeland Security	Emergency Food and Shelter	Emergency Food and Shelter National Board Program	97.024	21,124	21,124
Department of Homeland Security	Illinois Emergency Management Agency	Emergency Management Performance Grants	97.042	32,245	32,245
Election Assistance Commission	Illinois State Board of Elections	Help America Vote Act Requirements Payments	90.401	20,380	20,380
Department of Education	Illinois State Board of Education	Education for Homeless Children and Youth	84.196	5,500	5,500
Department of Health and Human Services	Illinois State Board of Elections	Voting Access for Individuals with Disabilities	93.617	5,496	5,496
Environmental Protection Agency	Illinois Department of Public Health	Performance Partnership Grants	66.605	663	663

DEKALB COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2010

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Revenues	Expenditures
Department of Agriculture	Illinois Department of Human Services	Special Supplemental Food Program for Women, Infants, and Children	10.557		
		State Contract #L11GM145900	State FY 10	\$ 160,983	\$ 160,983
		State Contract #M11GM145900	State FY 11	159,000	159,000
Department of Agriculture	Illinois Department of Human Services	Special Supplemental Food Program for Women, Infants, and Children -- Noncash	10.557	940,717	940,717
			Total 10.557	1,260,700	1,260,700
Department of Agriculture	Illinois Department of Public Health	Summer Food Service Program for Children	10.559	625	625
Department of Commerce	N/A	ARRA - Broadband Technology Opportunities Program	11.557	285,577	285,577
Department of Housing and Urban Development	Winnebago County - Department of Public Health	Housing Opportunities for People with AIDS	14.241	18,000	18,000
Department of Housing and Urban Development	Illinois Department of Commerce and Economic Opportunity	ARRA - Homeless Prevention and Rapid Re-housing Program	14.257	134,855	134,855
Department of Justice	N/A	Drug Court Discretionary Grant Program	16.585	6,951	6,951
Department of Justice	N/A	State Criminal Alien Assistance Program	16.606	8,541	8,541
Department of Justice	N/A	Congressionally Recommended Awards	16.753	83,363	83,363

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Revenues	Expenditures
Department of Transportation	Illinois Department of Transportation	Formula Grants for Other than Urbanized Areas	20.509	\$ 366,146	\$ 366,146
Department of Transportation	Illinois Department of Transportation	ARRA - Formula Grants for Other than Urbanized Areas	20.509	129,808	129,808
			Total 20.509	<u>495,954</u>	<u>495,594</u>
Department of Transportation	Illinois Department of Transportation	Federal Transit - Capital Investment Grants	20.500	85,751	85,751
Federal Emergency Management Agency	Illinois Emergency Management Agency	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>24,621</u>	<u>24,621</u>
TOTAL FEDERAL AWARDS				<u>\$ 4,013,182</u>	<u>\$ 4,013,182</u>

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of federal awards is a summary of the activity of the County's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B - Subrecipients

Of the federal expenditures presented in this schedule, the County provided federal awards to subrecipients in the amount of \$366,146 for CFDA number 20.509 Formula Grants for Other than Urbanized Areas, \$85,751 for CFDA number of 20.500 Federal Transit - Capital Investment Grants and \$129,808 for CFDA number of 20.509 ARRA- Formula Grants for Other than Urbanized Areas.

Note C - Non-Cash Transactions

The County received \$348,182 of childhood immunization commodities from the U.S. Department of Health and Human Services passed through the Illinois Department of Public Health under CFDA number of 93.268. Also, the County received \$940,717 from the supplemental nutrition program for women, infant and children from the U.S. Department of Health and Human Services passed through the Illinois Department of Human Services under CFDA number of 10.557.

Note D - Loans

The County had \$44,223 of loans outstanding at December 31, 2010 through the Community Services Revolving Loan Program.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.569	Community Services Block Grant
93.710	Community Services Block Grant - ARRA
10.557	Special Supplemental Food Program for Women, Infants and Children
20.509	ARRA - Formula Grants for Other than Urbanized Areas
11.557	ARRA - Broadband Technology Opportunities Program

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2010

Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Financial Statement Findings

09-01 SEPARATE RECORDING OF ARRA FUNDS

During the testing of the Community services block grant it was noted that the American Reinvestment and Recovery (ARRA) funding portion were not reported separately on the general ledger. The ARRA reporting requirements require that both the revenue and expenditure amounts for these funding are tracked in separate general ledger accounts in order to facilitate tracking and transparency of these funds. The County was appropriately tracking these funds separately on subsidiary schedules and was able to identify the funds separately for the schedule of federal expenditures. We recommend the County implement separate general ledger accounts for all ARRA funds received and communicate with all departments to ensure that appropriate ARRA tracking and reporting is being done throughout the year.

Corrective Action Plan

The County has instituted a policy whereby all ARRA expenditures and related reimbursements will be tracked in separate revenue and expenditure accounts in the general ledger.

Status - Finding no longer applicable at December 31, 2010.