

DEKALB COUNTY, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended  
December 31, 2011



Certified Public Accountants & Advisors

DEKALB COUNTY, ILLINOIS  
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of DeKalb County, Illinois, as of and for the year ended December 31, 2011, which collectively comprise DeKalb County's basic financial statements, and have issued our report thereon dated May 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DeKalb County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 25, 2012.

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 25, 2012

A handwritten signature in black ink, appearing to read "Mike D.P.", is positioned to the right of the date.



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY 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 DeKalb County's major federal programs for the year ended December 31, 2011. 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 compliance 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FAF 11-01 through FAF 11-03.

## 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, the discretely presented component unit, 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, 2011, and have issued our report thereon dated May 25, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 25, 2012

A handwritten signature in cursive script, appearing to read "A. J. P.", located to the right of the date and location text.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

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		
		Bioterrorism Preparedness 07181019		\$ 51,897	\$ 51,897
		Bioterrorism Preparedness 27181019		31,931	31,931
		Cities Readiness 07181100		35,099	35,099
		Cities Readiness 27181100		15,651	15,651
		Total 93.069		134,578	134,578
Department of Health and Human Services	Illinois Department of Human Services	Family Planning Services	93.217		
		State Contract # M11GM145350	State FY 11	92,372	92,372
		State Contract # 011GQ00145	State FY 12	38,510	38,510
		Total 93.217		130,882	130,882
Department of Health and Human Services	Illinois Department of Public Health	Immunization Grants - Noncash	93.268	270,144	270,144
Department of Health and Human Services	Illinois Office of the Attorney General	Child Support Enforcement - Title IV-D	93.563	47,489	47,489
Department of Health and Human Services	Illinois Department of Commerce and Economic Opportunity	Community Services Block Grant	93.569		
		Contract 10-231034		20,655	20,655
		Contract 11-231034		162,145	162,145
		Total 93.569		182,800	182,800
Department of Health and Human Services	Illinois Department of Human Services	Title XX Block Grant	93.667		
		State Contract #M11GM145350	State FY 11	43,308	43,308
		State Contract #011GQ00145	State FY 12	1,733	1,733
		Total Title XX Block Grant	Total 93.667	45,041	45,041

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	\$ 282,388	\$ 282,388
Department of Health and Human Services	Winnebago County - Department of Public Health	HIV Care Formula Grants	93.917	66,861	66,861
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 #M11GM145350	State FY11	15,874	15,874
		State Contract #011GQ00145	State FY12	12,832	12,832
			Total 93.994	28,706	28,706
Department of Homeland Security	Illinois Emergency Management Agency	Interoperable Emergency Communications Grant Program	97.001	12,106	12,106
Department of Homeland Security	Emergency Food and Shelter	Emergency Food and Shelter National Board Program	97.024	1,028	1,028
Department of Homeland Security	Illinois Emergency Management Agency	Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036		
		037-UGFMN-OO		51,199	51,199
		FEMA-1960-DR-IL		16,503	16,503
			Total 97.036	67,702	67,702
Department of Homeland Security	Illinois Emergency Management Agency	Emergency Management Performance Grants	97.042	32,071	32,071
Election Assistance Commission	Illinois State Board of Elections	Help America Vote Act Requirements Payments	90.401	26,230	26,230
Environmental Protection Agency	Illinois Department of Public Health	Performance Partnership Grants	66.605	700	700

DEKALB COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2011

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 State Contract #M11GM145000 State Contract #011GQ01190	10.557 State FY 11 State FY 12	\$ 159,500 159,156	\$ 159,500 159,156
Department of Agriculture	Illinois Department of Human Services	Special Supplemental Food Program for Women, Infants, and Children – Noncash	10.557	1,056,914	1,056,914
			Total 10.557	1,375,570	1,375,570
Department of Agriculture	Illinois Department of Public Health	Summer Food Service Program for Children	10.559	600	600
Department of Commerce	N/A	ARRA - Broadband Technology Opportunities Program	11.557	8,194,142	8,194,142
Department of Housing and Urban Development	Winnebago County - Department of Public Health	Housing Opportunities for People with AIDS	14.241	15,000	15,000
Department of Housing and Urban Development	Illinois Department of Commerce and Economic Opportunity	ARRA - Homeless Prevention and Rapid Re-housing Program	14.257	143,581	143,581
Department of Justice	N/A	Drug Court Discretionary Grant Program	16.585	115,090	115,090

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 Section 5311, Grant No. IL-18-X027 Section 5311, Grant No. IL-18-X026 (noncash)	20.509	\$ 372,475	\$ 372,475
				52,160	52,160
			Total 20.509	424,635	424,635
Department of Transportation	Illinois Department of Transportation	Federal Transit - Capital Investment Grants	20.500	46,196	46,196
Federal Emergency Management Agency	Illinois Emergency Management Agency	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.203	17,173	17,173
TOTAL FEDERAL AWARDS				\$ 11,660,713	\$ 11,660,713

#### 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 \$424,635 for CFDA number 20.509 Formula Grants for Other than Urbanized Areas and \$46,196 for CFDA number of 20.500 Federal Transit - Capital Investment Grants.

##### Note C - Non-Cash Transactions

The County received \$270,144 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 \$1,056,913 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. Finally, the County received transit vehicles of \$52,160 under CFDA number of 20.509 Formula Grants for Other than Urbanized Areas and \$46,196 under CFDA number of 20.500 Federal Transit - Capital Investment Grants.

##### Note D - Loans

The County had \$40,307 of loans outstanding at December 31, 2011 through the Community Services Revolving Loan Program.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2011

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>
14.257	ARRA – Homeless Prevention and Rapid Re-housing
11.557	ARRA - Broadband Technology Opportunities Program

Dollar threshold used to distinguish between Type A and Type B programs: \$349,821

Auditee qualified as low-risk auditee?  yes  no

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2011

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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

**FAF 11-01 ARRA-Homeless Prevention and Rapid Re-housing - CFDA#14.257**

*Condition:* During our testing of the ARRA-Homeless Prevention and Rapid Re-housing Grant it was noted that the draws being submitted through the grantor's GRS system were based on estimated or budgeted costs, not actual costs incurred. We considered this finding to be an instance of non-compliance relating to the Cash Management compliance requirement.

*Criteria:* The grant requires that requests for reimbursement be based on actual certifiable costs.

*Cause:* While the County had records of actual costs incurred by claim, this was not the basis used to prepare the draw requests to the grantor.

*Effect:* The draw requests were based on estimated, rather than actual, costs incurred during the grant period.

*Recommendation:* We recommend the County prepare draws using actual costs incurred.

**Corrective Action Plan**

The DeKalb County Community Services Department (DCCSD) has made arrangements to request funds using a reimbursement system to bill for services and costs that have already been incurred. If there is not enough money in DCCSD reserves to cover the cost of doing business while waiting for reimbursement, arrangements have been made to secure a short term loan from DeKalb County to cover costs until the time that reimbursement is made. Repayment of that loan will happen at the time of the closeout of the grant or when the final disbursement is made.

**FAF 11-02 ARRA-Homeless Prevention and Rapid Re-housing - CFDA#14.257**

*Condition:* During our testing of the ARRA-Homeless Prevention and Rapid Re-housing Grant it was noted that because the draws being submitted as noted above were based on estimated or budgeted costs, not actual costs incurred, for most the of County's fiscal year the grant was being funded in advance, rather than on a reimbursement basis as stipulated in the grant agreement. We considered this finding to be an instance of non-compliance relating to the Cash Management compliance requirement.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2011

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

**FAF 11-02 ARRA-Homeless Prevention and Rapid Re-housing - CFDA#14.257**  
(Continued)

*Criteria:* The grant requires that draw requests be performed on a reimbursement basis, after the related costs are incurred.

*Cause:* The County did not prepare draw requests based on actual expenditures, thus it could not ascertain what had already been spent before a reimbursement was requested.

*Effect:* The County received funds in advance of expenditures.

*Recommendation:* We recommend the County prepare drawdown requests only after the related costs have been incurred.

**Corrective Action Plan**

In the future, DCCSD will list already-incurred expenses before requests for reimbursement are made. If there is not enough money in DCCSD reserves to cover the cost of doing business while waiting for reimbursement, arrangements have been made to secure a short term loan from DeKalb County to cover costs until the time that reimbursement is made. Repayment of that loan will happen at the time of the closeout of the grant or when the final disbursement is made.

**FAF 11-03 ARRA-Homeless Prevention and Rapid Re-housing - CFDA#14.257**

*Condition:* During our testing of the ARRA-Homeless Prevention and Rapid Re-housing Grant it was noted the quarterly financial status reports filed were blank, and referenced the GRS draw reports for the actual costs incurred, which as noted above contained inaccurate data. We considered this finding to be an instance of non-compliance relating to the Reporting compliance requirement.

*Criteria:* The grant requires that quarterly Financial Status Reports be filed and that the information contained therein reconciles to the underlying accounting records.

*Cause:* The County did not detail any amounts on the quarterly Financial Status Reports. Rather, they referenced back to the inaccurate draw reports.

*Effect:* The County reported incorrect information on the reports.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2011

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

**FAF 11-03 ARRA-Homeless Prevention and Rapid Re-housing - CFDA#14.257**  
(Continued)

*Recommendation:* We recommend the County either include the actual information required on the quarterly Financial Status Reports, or if reference is made to another report, ensure that those reports contain accurate information.

**Corrective Action Plan**

Quarterly Financial Status Reports will be filled out in accordance with the instructions given to DCCSD by the Illinois Department of Commerce and Economic Opportunity, which administers the Federal Grant and the Grantee Reporting System (GRS) for fund requests and disbursements. Going forward, **incurred** expenses will be listed and tallied as the base to request **reimbursements** through the GRS program.

Section IV - Prior Year Financial Statement Findings

None