

**DEKALB COUNTY, ILLINOIS**

**SINGLE AUDIT REPORT**

For the Year Ended  
December 31, 2014



**DEKALB COUNTY, ILLINOIS**  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of DeKalb County, Illinois, (the County) as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 20, 2015. The financial statements of the DeKalb County Forest Preserve District, a discretely presented component unit, and the DeKalb County Public Building Commission blended component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include internal control over financial reporting or instance of reportable noncompliance associated with the DeKalb County Forest Preserve District or the DeKalb County Public Building Commission.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Naperville, Illinois  
July 20, 2015

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Members of American Institute of Certified Public Accountants

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the DeKalb County, Illinois' (the County) 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 each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, 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 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

*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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 20, 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 basic 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.

Naperville, Illinois  
July 20, 2015

A handwritten signature in black ink, appearing to be 'Bill D.P.', is located to the right of the date.

**DEKALB COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2014

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	93.074		
		Bioterrorism Preparedness 47180019B		\$ 38,119	\$ 38,119
		Cities Readiness 47180100B		22,166	22,166
		Bioterrorism Preparedness 57180019C		40,069	40,069
		Cities Readiness 57180100C		23,000	23,000
		Total 93.074		123,354	123,354
Department of Health and Human Services	Illinois Department of Public Health	Title X Family Planning Services	93.217		
		State Contract 46080058B		26,332	26,332
		State Contract 57180100C		78,323	78,323
		Total 93.217		104,655	104,655
Department of Health and Human Services	Illinois Department of Human Services	Title XX Block Grant	93.667		
		State Contract 46080058B		43,006	43,006
		State Contract		12,328	12,328
		Total 93.667		55,334	55,334
Department of Health and Human Services	Illinois Department of Public Health	Immunization Grants - Noncash	93.268		
				416,460	416,460
Department of Health and Human Services	Illinois Public Health Association	State Planning and Establishment	93.525		
		Grants for the Affordable Care Act			
		(ACA)'s Exchanges IP-14-149-001		62,625	62,625
		(ACA)'s Exchanges IP-14-149-001		22,124	22,124
		Total 93.525		84,749	84,749
Department of Health and Human Services	Illinois Department of Public Health	Community Transformation Grants	93.531		
		We Choose Health 42180129B		85,297	85,297

**DEKALB COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2014

<b>Federal Grantor</b>	<b>Pass-Through Grantor</b>	<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Revenues</b>	<b>Expenditures</b>
Department of Health and Human Services	Illinois Department of Public Health	Temporary Assistance for Needy Families (FY 2014) (FY 2015)	93.558	\$ 345	\$ 345
				18,174	18,174
				<b>Total 93.558</b>	<b>18,519</b>
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Child Support Enforcement - Title IV-D	93.563	38,081	38,081
Department of Health and Human Services	Illinois Department of Commerce and Economic Opportunity	Community Services Block Grant Contract 14-231034 Contract 13-231034	93.569	209,104	209,104
				31,271	31,271
				<b>Total 93.569</b>	<b>240,375</b>
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Medical Assistance Program	93.778	284,274	284,274
Department of Health and Human Services	Winnebago County - Department of Public Health	HIV Care Formula Grants HIV Care RW13003 HIV Care RW14004	93.917	28,995	28,995
				70,470	70,470
				<b>Total 93.917</b>	<b>99,465</b>
U.S. Election Assistance Commission	State Board of Elections - IL	Help America Vote Act	90.401	4,443	4,443

**DEKALB COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2014

<b>Federal Grantor</b>	<b>Pass-Through Grantor</b>	<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Revenues</b>	<b>Expenditures</b>
Department of Health and Human Services	Illinois Department of Human Services	Maternal and Child Health Services Block Grant to the States	93.994		
		Family Planning 46080058B		\$ 8,717	\$ 8,717
		Coordinated School Health 46080120B		14,578	14,578
		Coordinated School Health 56380045C		11,718	11,718
		State Contract FCSSU03033 (13/14)		110,348	110,348
		<b>Total</b>	<b>93.994</b>	<b>145,361</b>	<b>145,361</b>
Department of Homeland Security	FEMA/EFSP Local Board	Emergency Food and Shelter National Board Program	97.024	10,826	10,826
Department of Homeland Security	Illinois Emergency Management Agency	Emergency Management Performance Grant Program	97.042	39,131	39,131
Department of Homeland Security	Illinois Emergency Management Agency	Pre-Disaster Mitigation	97.047	24,448	24,448
Department of Homeland Security	Illinois Emergency Management Agency	Hazard Mitigation Grant	*97.039	5,313,967	5,313,967
Environmental Protection Agency	Illinois Department of Public Health	Performance Partnership Grants	66.605	750	750
Department of Agriculture	Illinois Department of Human Services	Special Supplemental Food Program for Women, Infants, and Children	10.557	157,514	157,514
		State Contract FCSSQ00847		158,057	158,057
		State Contract FCSTQ00847		843,449	843,449
		Noncash			
		<b>Total</b>	<b>10.557</b>	<b>1,159,020</b>	<b>1,159,020</b>

**DEKALB COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2014

<b>Federal Grantor</b>	<b>Pass-Through Grantor</b>	<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Revenues</b>	<b>Expenditures</b>
Department of Agriculture	Illinois Department of Public Health	Summer Food Service Program for Children	10.559	\$ 800	\$ 800
Department of Health and Human Services	Illinois Department of Human Services	Juvenile Accountability Grant	16.523	64,967	64,967
Department of Housing and Urban Development	Winnebago County - Department of Public Health	Housing Opportunities for People with AIDS	14.241	10,000	10,000
Department of Housing and Urban Development	DeKalb County Housing Authority	DCHA Permanent Supportive Housing	14.268	3,294	3,294
Department of Justice	N/A	State Criminal Alien Assistance Program Grant	16.606	11,897	11,897
Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction	20.205	20,258	20,258
Department of Transportation	Illinois Department of Transportation	Formula Grants for Other than Urbanized Areas	20.509		
		Section 5311, OP-14-10-FED FYE14		141,083	141,083
		Section 5311, OP-15-10-FED FYE15		186,539	186,539
		ARRA Furniture Grant		21,373	21,373
		<b>Total</b>	<b>20.509</b>	<b>348,995</b>	<b>348,995</b>
Federal Emergency Management Agency	Illinois Emergency Management Agency	Interagency Hazardous Materials Emergency Preparedness	20.703	32,259	32,259
Environmental Protection Agency	Illinois Environmental Protection Agency	Nonpoint Source Implementation Grants	66.460	6,533	6,533
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 8,747,512</b>	<b>\$ 8,747,512</b>

\*Denotes Major Federal Program

## DEKALB COUNTY, ILLINOIS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2014

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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 \$327,622 for CFDA number 20.509 Formula Grants for Other than Urbanized Areas.

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

The County received \$416,460 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 \$843,449 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 \$26,469 of loans outstanding at December 31, 2014 through the Community Services Revolving Loan Program.

DEKALB COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major Federal programs:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified?  yes  none reported

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

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

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant Program

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

Auditee qualified as low-risk auditee?  yes  no

**DEKALB COUNTY, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2014

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

**2004-001: Hazard Mitigation Grant - CFDA #97.039; Grant FEMA-DR-1800-IL; Passed Through From the Illinois Emergency Management Agency (IEMA)**

*Criteria:* Paragraph 20 of the Illinois Emergency Management Agency State-Local Hazard Mitigation Grant Program (HMGP) Assistance Agreement states “The Subgrantee agrees to include in the letter of agreement signed by the property owner, a certification that...: (2) the owner will relocate outside of any floodplain mapped by the Federal Emergency Management Agency (FEMA).

*Condition:* The County remitted funds to one property owner who purchased property within a floodplain mapped by FEMA.

*Questioned Costs:* There are no questioned costs related to this finding.

*Context:* This finding relates to one (1) out of forty (40) payments selected for testing under the program during the year ended December 31, 2014.

*Cause:* The County did not have a system in place requiring owners to certify that funds provided would not be used to relocate within a floodplain mapped by FEMA.

*Effect:* Disbursement was made to an owner who purchased property within a floodplain mapped by FEMA.

*Recommendation:* We recommend that the County obtains written certification from participants in the HMGP specifically stating that funds will not be used to relocate in floodplains established by EFMA.

*Corrective Action Plan:* The County concurs with this finding. The name of the recipient of the funds and the address of the purchased property will be forwarded to the State Hazard Mitigation Officer with the Illinois Emergency Management Agency (IEMA) to communicate to the Federal Emergency Management Agency (FEMA) for its records. This may have the effect of making the recipient ineligible for future FEMA funds. Additionally, for any future Hazard Mitigation Grant Program awarded to the County associated with floodplain, the County will ensure that a letter of

**DEKALB COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

For the Year Ended December 31, 2014

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

**2004-001: Hazard Mitigation Grant - CFDA #97.039; Grant FEMA-DR-1800-IL; Passed Through From the Illinois Emergency Management Agency (IEMA) (Continued)**

*Corrective Action Plan (Continued):* agreement is signed by recipients of Federal mitigation funds acknowledging that the funds will not be used to purchase property within any regulatory floodplain mapped by FEMA. In the event the County becomes aware of any other fund recipients that relocated to another property located in a floodplain mapped by FEMA, the names and addresses of those property owners will also be forwarded to IEMA for communication to FEMA. The Planning Director is responsible for overseeing the implementation of the corrective action plan by December 31, 2015.

**Section IV - Prior Year Findings and Questioned Costs**

None