

WOODFORD COUNTY, ILLINOIS

ANNUAL FEDERAL AWARDS
COMPLIANCE AUDIT

November 30, 2011



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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**

Members of the County Board
Woodford County, Illinois

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Woodford County, Illinois (County) as of and for the year ended November 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 19, 2012. Our report was qualified as management has not determined or recorded a liability for other postemployment benefits in the governmental activities and, additionally, has not recorded an expense for the period change in that liability. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities has not been reasonably determined. 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Woodford County, Illinois' 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 the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodford County, Illinois' 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 certain matters that we reported to management of Woodford County, Illinois in a separate letter dated June 19, 2012.

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

This report is intended solely for the information and use of members 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.

CliftonLarsonAllen LLP

Peoria, Illinois
June 19, 2012

**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 and Schedule of Expenditures
of Federal Awards in Accordance with OMB Circular A-133**

Members of the County Board
Woodford County, Illinois

Compliance

We have audited Woodford County, Illinois' 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 its major federal programs for the year ended November 30, 2011. Woodford County, Illinois' 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 Woodford County, Illinois' management. Our responsibility is to express an opinion on Woodford County, Illinois' 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 Woodford County, Illinois' 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 of Woodford County, Illinois' compliance with those requirements.

In our opinion, Woodford County, Illinois 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 November 30, 2011.

Internal Control Over Compliance

Management of Woodford County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Woodford County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the 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 the entity's internal control over compliance.

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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Woodford County, Illinois as of and for the year ended November 30, 2011 and have issued our report thereon dated June 19, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Woodford County, Illinois' 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 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.

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

This report is intended solely for the information and use of the members 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.

CliftonLarsonAllen LLP

Peoria, Illinois
June 19, 2012

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Illinois Department of Human Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11GM54800	\$ 37,300	\$ -
	10.557	11GQ01263	<u>26,831</u>	<u>-</u>
			<u>64,131</u>	<u>-</u>
Passed through Illinois Department of Public Health:				
Summer Food Inspection	10.559	N/A	<u>150</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>64,281</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Illinois Department of Public Health:				
Immunization Grants - Commodities (Major)	93.268	(Non Cash)	<u>74,766</u>	<u>-</u>
Public Health Information Network (Major)	93.069	17180037	24,164	-
Bioterrorism Preparedness (Major)	93.069	07181095	59,750	-
		07181122	<u>58,945</u>	<u>-</u>
Total program			<u>142,859</u>	<u>-</u>
Vector Control Grant	93.283	N/A	1,996	-
Grants for Public Health Programs	93.283	13281094	<u>3,600</u>	<u>-</u>
Total program			<u>5,596</u>	<u>-</u>

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)				
Passed through Illinois Department of Human Services:				
Strategic Prevention Framework -				
State Initiative Grant	93.243	11GM548000	\$ (6,666)	\$ -
Partnership for Success	93.243	11GM548000	43,126	-
	93.243	11GQ00548	<u>37,497</u>	<u>-</u>
Total program			<u>73,957</u>	<u>-</u>
Passed through Illinois Department of Healthcare and Family Services:				
Child Support Enforcement	93.563	N/A	<u>6,548</u>	<u>-</u>
Medical Assistance Program	93.778	N/A	<u>9,763</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>313,489</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through Illinois Department of Public Health:				
Noncommunity Water Supply	66.605	N/A	<u>1,525</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Illinois Department of Transportation:				
Public Transportation for Nonurbanized Areas (Major)	20.509	RPT-11-026	<u>127,086</u>	<u>127,086</u>

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. DEPARTMENT OF ENERGY				
Passed through Tri-County Regional Planning Commission: Energy Efficiency and Conservation				
Block Grant - ARRA	81.128	N/A N/A	\$ 24,000 33,959	\$ - - -
Total program			<u>57,959</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the Illinois Emergency Management Agency:				
Public Assistance Grant	97.036	N/A	<u>32,683</u>	<u>-</u>
TOTAL			<u>\$ 597,023</u>	<u>\$ 127,086</u>

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2011

**SUMMARY OF EXPENDITURES OF
FEDERAL AWARDS BY FEDERAL
CFDA NUMBER**

<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Passed-Through to Subrecipients</u>
10.557	\$ 64,131	\$ -
10.559	150	-
20.509	127,086	127,086
66.605	1,525	-
81,128	57,959	-
93.069	142,859	-
93.243	73,957	-
93.268	74,766	-
93.283	5,596	-
93.563	6,548	-
93.778	9,763	-
97.036	32,683	-
	<u>\$ 597,023</u>	<u>\$ 127,086</u>

See accompanying notes to schedule of expenditures of federal awards.

WOODFORD COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2011

General

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal financial assistance programs of Woodford County, Illinois. The Woodford County reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal financial assistance passed through to other government agencies are included on the schedule.

Relationship to Financial Statements

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts present in this schedule may differ from amounts presented in the financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Commodities - Vaccines

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs. The County does not reflect financial activity related to the contribution of the vaccines in the financial statements. The value of vaccines activity during fiscal year 2011 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2010</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2011</u>
\$ 43,500	\$ 74,766	\$ 80,282	\$ 37,984

Other Noncash Assistance

The County did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees.

Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> 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 Section 510 (a) of Circular A-133?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Grants
93.069	Public Health Emergency Preparedness
20.509	Public Transportation for Nonurbanized Areas

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

Auditee qualified as low-risk auditee? Yes No

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2011

Section II - Financial Statement Findings

Finding No. 2011-01 - Segregation of Duties

Criteria or specific requirement:

An effective system of internal control is based on a good segregation of duties. In order to have a system of segregation of duties, there must be a number of personnel available to whom responsibilities can be assigned to provide the appropriate checks and balances of any system.

Condition:

Due to the limited number of personnel performing accounting functions in the County offices, there is a lack of segregation of duties over accounting transactions.

Effect:

As a result of the lack of segregation of duties, due to the limited number of personnel involved in accounting transactions, there is a higher risk that errors or misappropriation could occur and not be detected within a timely period.

Cause:

There are limited number of personnel involved in accounting transactions within the County offices.

Recommendation:

When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. The County Board should continue to closely monitor financial reporting.

Views of responsible officials and planned corrective action:

To the extent possible, monitoring of monthly financial results and compliance information by department heads and the Board will continue in the County offices.

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2011

Section II - Financial Statement Findings (Continued)

Finding No. 2011-02 - Financial Statement Preparation

Criteria or specific requirement:

The Board and management share the ultimate responsibility for the County's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

Condition:

The County currently does not have staff to prepare or review its financial statements in a manner that provides a high level of assurance that potential omissions or other errors would be identified and corrected. The County maintains its financial records on a cash basis. Numerous significant audit adjustments are prepared to convert the financial information from cash to accrual basis. The County currently engages CliftonLarsonAllen LLP to assist in preparing the various accrual entries and its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the County's internal control system.

Effect:

Without the staffing by the County as part of the internal control process over the financial statement preparation process, the risk that errors or omissions in the financial statements and disclosures will go undetected leading to incomplete or inaccurate financial reporting is increased, unless assistance is provided by external sources.

Cause:

The County does not have personnel who can ensure that its annual financial statements, including disclosures, are complete and accurate.

Recommendation:

We make no recommendation as to whether management should or should not invest in additional personnel or additional training for existing personnel to acquire the capacity to maintain the level of expertise necessary to prepare financial statements in accordance with generally accepted accounting principles including all disclosures.

Views of responsible officials and planned corrective action:

The County does not deem it cost effective to send designated employees to training classes nor to hire an individual with the proper qualifications.

WOODFORD COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2011

Section III – Federal Award Findings and Questioned Costs

Finding No. 2011-01 - Segregation of Duties

Finding No. 2011-02 - Financial Statement Preparation

See Section II - Financial Statement Findings

Federal Agency Program: All

Questioned Costs: None

WOODFORD COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended November 30, 2011

Finding No. 2010-01

SEGREGATION OF DUTIES

Due to the limited number of personnel performing accounting functions in the County offices, there is a lack of segregation of duties over accounting transactions.

Status

This finding has been repeated in the current year as Finding 2011-01.

Finding No. 2010-02

FINANCIAL STATEMENT PREPARATION

The County currently does not have staff to prepare or review its financial statements in a manner that provides a high level of assurance that potential omissions or other errors would be identified and corrected. The County currently engages CliftonLarsonAllen LLP to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the County's internal control system.

Status

This finding has been repeated in the current year as Finding 2011-02.

Finding No. 2010-03

IMPROPER REVIEW OF SUBRECIPIENT AUDIT REPORT

The County does not have a system in place to ensure proper monitoring of subrecipient's use of federal awards. Although the County does receive a copy of the subrecipient's annual audit report, no one reviews this report to verify that funds are being used properly. If there are any findings or questioned costs, someone needs to follow up with the subrecipient to ensure the findings have been corrected.

Status

This finding has been corrected, and has not been repeated in the current year.

**WOODFORD COUNTY, ILLINOIS
CORRECTIVE ACTION PLAN
Year Ended November 30, 2011**

Finding 2011-01

To the extent possible, monitoring of monthly financial results and compliance information by department heads and the Board will continue in the County offices.

Finding 2011-02

The County does not deem it cost effective to send designated employees to training classes nor to hire an individual with the proper qualifications.