

**TAZEWELL COUNTY, ILLINOIS**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED NOVEMBER 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**TAZEWELL COUNTY, ILLINOIS  
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**INDEPENDENT AUDITORS' 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**

Chairman and Members of the County Board  
Tazewell County, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Tazewell County, Illinois (County) as of and for the year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise Tazewell County, Illinois' basic financial statements, and have issued our report thereon dated May 25, 2018.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider to be material weaknesses.

Chairman and Members of the County Board  
Tazewell County, Illinois

### **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*.

### **Tazewell County, Illinois' Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Peoria, Illinois  
May 25, 2018



**INDEPENDENT AUDITORS' 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 THE UNIFORM GUIDANCE**

Chairman and Members of the County Board  
Tazewell County, Illinois

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

We have audited Tazewell County, Illinois' (County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended November 30, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 November 30, 2017.

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

Management of Tazewell County, Illinois 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 the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a material weakness.

The County's response to the internal control over compliance finding 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.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chairman and Members of the County Board  
Tazewell County, Illinois

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 Tazewell County, Illinois as of and for the year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 25, 2018, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**CliftonLarsonAllen LLP**



Peoria, Illinois  
May 25, 2018

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED NOVEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed through Illinois Department of Human Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children (Major)	10.557	FCSVQ01102	\$ 148,625	\$ -
	10.557	FCSWQ01102	105,282	-
	10.557	Food Instruments	<u>595,811</u>	<u>-</u>
			849,718	-
Peer Counseling (Major)	10.557	FCSVQ01178	25,814	-
	10.557	FCSWQ01178	<u>16,050</u>	<u>-</u>
			41,864	-
WIC Farmer's Market Nutrition Program	10.572	FCSWQ00696	<u>1,000</u>	<u>-</u>
Total U.S. Department of Agriculture Passed Through Illinois Department of Human Services			892,582	-
Passed through Illinois State Board of Education: Summer Food Service Program	10.559	65108906551	<u>6,819</u>	<u>-</u>
Total U.S. Department of Agriculture			899,401	-
<b>U.S. Department of Health and Human Services</b>				
Passed through Illinois Department of Public Health:				
Cities Readiness Initiative	93.074	77180120E	31,089	-
	93.074	87180120F	<u>17,465</u>	<u>-</u>
			48,554	-
Public Health Information Network	93.074	77180085E	65,269	-
	93.074	87180085F	<u>36,646</u>	<u>-</u>
			101,915	-
Immunization Grants - Commodities	93.268	NA	78,286	-
Drug Free Communities	93.276	5H79SP018724-05	105,122	-
	93.276	2H79SP018724-06	<u>17,067</u>	<u>-</u>
			122,189	-



**TAZEWELL COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED NOVEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
<b>(Continued)</b>				
Passed through Illinois Department of Public Health:				
(Continued)				
Breast and Cervical Cancer Screening	93.752	76180028E	\$ 48,202	\$ -
	93.752	86180028E	24,300	-
	93.898	86180027F	<u>18,490</u>	<u>-</u>
			90,992	-
Illinois Wisewoman	93.094	76180040E	20,665	-
	93.094	86180040F	<u>17,699</u>	<u>-</u>
			38,364	-
Maternal and Child Health Service				
Block Grant to the States	93.994	76380074E	<u>29,665</u>	<u>-</u>
Total U.S. Department of Health and Human Services Passed through Illinois Department of Public Health			509,965	-
Passed through Illinois Department of Human Services:				
Maternal and Child Health Service				
Block Grant to the States	93.994	FCSVU03049	71,596	-
	93.994	FCSWU03049	<u>112,500</u>	<u>-</u>
			184,096	-
Substance Abuse Program	93.959	43CWZ03227	<u>28,809</u>	<u>-</u>
Total U.S. Department of Health and Human Services Passed through Illinois Department of Human Services			212,905	-

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed through Illinois Department of Healthcare and Family Services:				
Child Support Enforcement Title IV-D	93.563	2017-55-007-KT	\$ 8,690	\$ -
	93.563	2018-55-007-KT	2,758	-
			<u>11,448</u>	-
Medical Assistance Program	93.778	NA	<u>159,127</u>	-
Total U.S. Department of Health and Human Services Passed through Illinois Department of Healthcare and Family Services			170,575	-
Passed through National Association of County and City Health Officials				
	93.008	MRC120964	891	-
	93.008	MRC130964	1,676	-
			<u>2,567</u>	-
Passed through the Board of Trustees from Illinois State University				
Mental Health First Aid	93.107	U77HP26847	<u>366</u>	-
Total U.S. Department of Health and Human Services			896,378	-
<b>U.S. Environmental Protection Agency</b>				
Passed through Illinois Emergency Services and Disaster Agency:				
Radon	66.032	17 TCHD (Radon)	1,180	-
	66.032	18 TCHD (Radon)	36	-
			<u>1,216</u>	-
Passed through Illinois Environmental Protection Agency:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	CWA-16203	<u>2,363</u>	-
Total U.S. Environmental Protection Agency			3,579	-

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
<b>U.S. Department of Transportation</b>				
Passed through Illinois Department of Transportation:				
Federal Highway Administration Emergency				
Relief Program Grant	20.205	IL-15-01 (L-TAZ)	\$ 130,509	\$ -
Public Transportation for				
Nonurbanized Areas	20.509	RPT-17-40-FED-#4716	138,962	138,962
	20.509	OP-18-40-FED-#4825	<u>134,341</u>	<u>134,341</u>
			273,303	273,303
STEP and Holiday Enforcement Impaired Driving	20.600	AP-18-0065	4,460	-
Child Passenger Safety	20.616	OP-17-0205	<u>5,416</u>	<u>-</u>
Total U.S. Department of Transportation Passed through Illinois Department of Transportation			413,688	273,303
Passed through Illinois Emergency Management Agency:				
Hazardous Materials Emergency Preparedness	20.703	HMEPTAZE16	<u>2,500</u>	<u>-</u>
Total U.S. Department of Transportation			416,188	273,303
<b>U.S. Department of Homeland Security</b>				
Passed through Illinois Emergency Services & Disaster Agency:				
Emergency Management Performance Grants	97.042	17EMATAZEW	<u>55,713</u>	<u>-</u>
Total U.S. Department of Homeland Security			55,713	-

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
<b>U.S. Department of Justice</b>				
Passed through Illinois Criminal Justice Information Authority:				
State's Attorney Appellate Prosecutor	16.738	414025	\$ 28,200	\$ -
Crime Victim Assistance	16.575	215312	<u>30,726</u>	<u>-</u>
Total U.S. Department of Justice Passed through Illinois Criminal Justice Information Authority			<u>58,926</u>	<u>-</u>
Total U.S. Department of Justice			58,926	-
<b>U.S. Department of Commerce</b>				
Passed through Economic Development Administration Investments for Public Works and Economic Development Facilities (Major)				
	11.300	06-01-05763	<u>373,121</u>	<u>-</u>
Total U.S. Department of Commerce			<u>373,121</u>	<u>-</u>
<b>Total</b>			<u><u>\$ 2,703,306</u></u>	<u><u>\$ 273,303</u></u>

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

Description	Federal CFDA Number	Expenditures	Passed-through to Subrecipients	Cluster Total If Applicable
Summary of Federal Awards by Federal CFDA Number and Cluster	10.557	\$ 891,582	\$ -	
	10.572	1,000	-	
	11.300	373,121	-	
	16.575	30,726	-	
	16.738	28,200	-	
	20.205	130,509	-	
	20.509	273,303	273,303	
	20.600	4,460	-	
	20.616	5,416	-	
	20.703	2,500	-	
	66.032	1,216	-	
	66.468	2,363	-	
	93.008	2,567	-	
	93.074	150,469	-	
	93.094	38,364	-	
	93.107	366	-	
	93.268	78,286	-	
	93.276	122,189	-	
	93.563	11,448	-	
	93.752	72,502	-	
	93.778	159,127	-	
	93.898	18,490	-	
	93.959	28,809	-	
	93.994	213,761	-	
	97.042	55,713	-	
Total		<u>\$ 2,703,306</u>	<u>\$ 273,303</u>	

**TAZEWELL COUNTY, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**NOVEMBER 30, 2017**

**NOTE 1 GENERAL**

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal grants of Tazewell County, Illinois. The Tazewell 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 awards passed through other government agencies are included on the schedule. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 2 RELATIONSHIP TO FINANCIAL STATEMENTS**

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**NOTE 3 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.

**NOTE 4 COMMODITIES - VACCINES**

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs. The value of vaccines activity during fiscal year 2017 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2016</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2017</u>
<u>\$ 26,065</u>	<u>\$ 78,286</u>	<u>\$ 87,716</u>	<u>\$ 16,635</u>

**NOTE 5 NONCASH FOOD INSTRUMENTS**

The County participates in the Supplemental Food Program for Women, Infants, and Children and issues food instruments to eligible participants. The food instruments can be exchanged for authorized supplemental foods at retail stores. The state of Illinois processes and tracks the food instruments redeemed. The federal portion of food instruments distributed by Tazewell County and redeemed during the period October 1, 2016 to September 30, 2017 was \$595,811 and is reported in the Schedule of Expenditures of Federal Awards. Information is not available from the State to report this information on the County's fiscal year.

**TAZEWELL COUNTY, ILLINOIS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
NOVEMBER 30, 2017**

**NOTE 6 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.

**NOTE 7 MEDICAL ASSISTANCE PROGRAM RECONCILIATION**

Federal CFDA Number		93.778
Amount Awarded	\$	125,149
Total Amount Reported on Schedule of Federal Awards		159,127
Difference	\$	(33,978)

Amount awarded is based on the amounts the state has remitted to Tazewell County during the state's fiscal year of July 1, 2016 – June 30, 2017. However, the Schedule of Expenditures of Federal Awards recognizes the County's federal expenditures when incurred during its fiscal year December 1, 2016 – November 30, 2017. Tazewell County, Illinois incurred reimbursable expenditures of \$159,127 that were recognized during fiscal year 2017. Thus, this is reported as such on the 2017 Schedule of Expenditures of Federal Awards, as opposed to the \$125,149 of receipts remitted by the state during its fiscal year.

**NOTE 8 PRIOR PERIOD ACTIVITY**

Tazewell County, Illinois received federal reimbursements of \$373,121 during fiscal year 2017. These expenditures were incurred during prior fiscal years. As it was unknown in a prior year whether the federal funds would flow through the County or be a granted in the form of a capital contribution, the expenses were not previously reported on the SEFA. During 2017, the County received the federal funds directly, thus, this is reported as such on the 2017 Schedule of Expenditures of Federal Awards, under CFDA # 11.300 – Investments for Public Works and Economic Development Facilities.

**NOTE 9 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED NOVEMBER 30, 2017**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   no

Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Noncompliance material to financial statements noted?   yes  X  no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  X  yes   no

Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditors’ report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)   yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Woman, Infants, and Children
11.300	Investments for Public Works and Economic Development Facilities

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   yes  X  no



**TAZEWELL COUNTY, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED NOVEMBER 30, 2017**

**Section II – Financial Statement Findings**

Finding No. 2017-001 - Significant Audit Adjustments

*Type of Finding:* Material Weakness in Internal Control over Financial Reporting

*Criteria or specific requirement:*

A control deficiency 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 misstatements on a timely basis.

*Condition:*

During the course of our audit, we posted a variety of adjustments that had a material effect on the County's financial statements. A significant number of the adjustments related to adjusting to the modified accrual basis or accrual basis of accounting from the cash basis, prior period adjustments, and recording capital assets and long-term debt for the government-wide financial statements.

*Context:*

While performing audit procedures, we posted a variety of adjustments to ensure the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

*Effect:*

The County's lack of effective internal controls over its accounting system results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

*Cause:*

Significant audit adjustments were a result of some accounting records and reports being prepared on the cash basis of accounting as well as County officials not maintaining accounting records for the government-wide financial statements. Examples include grant revenue, highway revenue, and interfund activity. The County's audited basic financial statements have been converted to the modified accrual basis or accrual basis, as required by accounting principles generally accepted in the United States of America. Additionally, prior period adjustments were necessary to record in the current year.

*Recommendation:*

To establish proper internal control over its accounting system, the County should continue establishing procedures to record these accrual items, which include identifying factors that may affect the balances, as well as accumulating sufficient reliable data on which to base the balances. Such procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

**TAZEWELL COUNTY, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED NOVEMBER 30, 2017**

**Section II – Financial Statement Findings (Continued)**

Finding No. 2017-001 - Significant Audit Adjustments (Continued)

*Views of responsible officials and planned corrective actions:*

Within the County Administration office, a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will continue to review internal controls and ensure that the financial statements are converted to the modified accrual basis, and that capital assets and long-term debt are recorded on the financial statements for the Fiscal Year 2018 audit.

Finding No. 2017-002 – Financial Statement Preparation

*Type of Finding:* Material Weakness in Internal Control over Financial Reporting

*Criteria or specific requirement:*

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures, in conformity with GAAP.

*Condition:*

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare and ensure its annual financial statements and related footnote disclosures are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP).

*Context:*

While performing our audit procedures, it was noted the County does not have an internal control policy in place over financial reporting that would enable management to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

*Effect:*

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

*Cause:*

Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements, including footnote disclosures.

The County relies on the audit firm to prepare the annual financial statements, including related footnote disclosures. However, the County has reviewed and approved the annual financial statements and the related footnote disclosures.

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

**Section II – Financial Statement Findings (Continued)**

Finding No. 2017-002 – Financial Statement Preparation (Continued)

*Recommendation:*

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

*Views of responsible officials and planned corrective actions:*

Within the County Administration office, a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will continue to review internal controls and ensure that the financial statements are converted to the modified accrual basis, and that capital assets and long-term debt are recorded on the financial statements for the Fiscal Year 2018 audit.

**Section III – Federal Awards Findings and Questioned Costs**

Finding No. 2017-003 – Internal Control Over Compliance

Federal Agency/Program: U.S. Department of Agriculture  
U.S. Department of Commerce

Federal Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children;  
Investments for Public Works and Economic Development Facilities  
All other programs

CFDA Number: 10.557  
11.300

Pass-Through Agency: Illinois Department of Human Services  
Economic Development Administration

Award Period: All grant periods within the audit year

Type of Finding: Material Weakness in Internal Control over Compliance

*Criteria or specific requirement:*

The Uniform Guidance requires reports to include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. All reports should agree with the accounting records. Reports should also include accounting of all noncash assistance received.

**TAZEWELL COUNTY, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED NOVEMBER 30, 2017**

**Section III – Federal Awards Findings and Questioned Costs (Continued)**

Finding No. 2017-003 – General Accounting for Federal Awards (Continued)

*Condition:*

The County receives a significant amount of funding through state and federal grants. Grants are currently handled by the individual departments requesting the funding. During the period under audit, there was no central office or individual that tracks grant applications and reports. Individual departments are responsible for monitoring compliance with their grants as well as completing both financial and program reports for their grants.

The current method of monitoring grants makes it very difficult to identify all of the federal funds received by the County for proper reporting under the federal Single Audit Act. During our audit we noted the following related to accounting for grants that should be addressed.

- Information used in the preparation of reports requesting reimbursement for federal awards is frequently maintained on ledgers separate from the general ledger of the County. Many times there may be timing differences between the general ledger and these separate accounting of awards, or nonreimbursable costs are charged to respective general ledger accounts. Consequently, general ledger accounts do not easily trace to reports requesting reimbursement of federal funds. Not all reconciliations are readily available which reconcile general ledger financial information to that reported on the requests for reimbursement of federal funds.

*Questioned Costs:*

None

*Context:*

While performing our audit procedures, it was noted the County has no central office or individual that tracks grant applications and reports. Individual departments are responsible for monitoring compliance with their grants as well as completing both financial and program reports for their grants.

*Cause:*

The County did not effectively monitor all federal programs and reconcile financial reports with the County's general ledger.

*Effect:*

There is a greater risk the reports could be prepared inaccurately since they are prepared using information that is extracted from the general ledger and not reconciled to the general ledger.

**TAZEWELL COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED NOVEMBER 30, 2017**

**Section III – Federal Awards Findings and Questioned Costs (Continued)**

Finding No. 2017-003 – General Accounting for Federal Awards (Continued)

*Repeat Finding:*

Yes, prior year Finding 2016-003.

*Recommendation:*

Reconciliations should be prepared which reconcile general ledger financial information to that reported on the requests for reimbursement of federal funds.

*Views of responsible officials and planned corrective action:*

Within the County Administration office a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will continue to review how grants are handled and create a procedure and process for reconciling financial reports from each grant to the general ledger for the Fiscal Year 2018 audit.