



LIVINGSTON COUNTY, ILLINOIS

SINGLE AUDIT

November 30, 2012



CliftonLarsonAllen

LIVINGSTON COUNTY, ILLINOIS

SINGLE AUDIT REPORT

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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
Livingston County, 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 Livingston County, Illinois (County) as of and for the year ended November 30, 2012, which collectively comprise Livingston County, Illinois' basic financial statements and have issued our report thereon dated August 7, 2013. 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 Livingston County, Illinois is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Livingston County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 in the accompanying schedule of findings and questioned costs, 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 as items 2012-1, 2012-2, and 2012-3 in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livingston 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 Livingston County, Illinois in a separate letter dated August 7, 2013.

Livingston 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 the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and 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.

CliftonLarsonAllen LLP

Peoria, Illinois
August 7, 2013

**Independent Auditors' 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**

Chairman and Members of the County Board
Livingston County, Illinois

Compliance

We have audited the compliance of Livingston County, Illinois (County) with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended November 30, 2012. Livingston County, Illinois' major federal program is identified in the summary of auditors' 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 Livingston County, Illinois' management. Our responsibility is to express an opinion on Livingston 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 Livingston 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 Livingston County, Illinois' compliance with those requirements.

In our opinion, Livingston County, Illinois complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended November 30, 2012.

Internal Control Over Compliance

The management of Livingston 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 the 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 the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 2012-1, 2012-2, and 2012-3 to be material weaknesses.

Schedule of Expenditures of Federal Awards

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 Livingston County, Illinois as of and for the year ended November 30, 2012, and have issued our report thereon dated August 7, 2013, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Livingston 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 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 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 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 basic financial statements taken as a whole.

Livingston 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 the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and 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.

Clifton Larson Allen LLP

Peoria, Illinois
August 7, 2013

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

<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 Woman, Infants, and Children (Major)	10.557	011GQ01218	\$ 72,671	\$ -
		011GQ01621	6,467	-
		FCSRE00922	61,760	-
		FCSRE01169	3,000	-
Non-Cash Food Instruments (Major)		N/A	<u>453,643</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>597,541</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Central Illinois Agency on Aging:				
Special Programs for the Aging				
Respite Demonstration	93.052	FY-12	1,654	-
		FY-13	<u>128</u>	<u>-</u>
Total passed through Central Illinois Agency on Aging			<u>1,782</u>	<u>-</u>
Passed through Illinois Department of Public Health:				
Breast & Cervical Cancer Screening	93.283	26180018	6,124	-
		36180018	<u>28,846</u>	<u>-</u>
			<u>34,970</u>	<u>-</u>
Diabetes Control Program and Evaluation of Surveillance Systems	93.283	23287006	32,337	-
		33287006A	11,896	-
			<u>44,233</u>	<u>-</u>
Bioterrorism Preparedness	93.069	27180051	<u>29,552</u>	<u>-</u>
Bioterrorism Preparedness	93.074	37180051A	<u>15,079</u>	<u>-</u>
Donated Vaccines	93.268	N/A	<u>43,838</u>	<u>-</u>
Immunization grant	93.268	N/A	<u>792</u>	<u>-</u>
Total passed through Illinois Department of Public Health			<u>168,464</u>	<u>-</u>

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

<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:				
Family Planning	93.217	011GQ00312 FCRE01265	\$ 7,284 21,309 <u>28,593</u>	\$ - - -
Family Case Management	93.667	011GQ00312 011GQ01137 FCSRE01151 FCSRE01545	17,900 8,700 12,754 8,700 <u>48,054</u>	- - - - -
Maternal and Child Health Service Block Grant: School Based Health	93.994	011GQ01675 FCSRE01151 0116Q00312	17,099 11,400 964 <u>29,463</u>	- - - -
Total passed through Illinois Department of Human Services			<u>106,110</u>	-
Passed through Illinois Department of Healthcare and Family Services:				
Medical Assistance Program	93.778	376001248	<u>167,554</u>	-
Child Support Enforcement Title IV-D	93.563	376001248	<u>7,555</u>	-
Medical Assistance Program	93.767	376001248	<u>5,523</u>	-
Total passed through Illinois Department of Healthcare and Family Services			<u>180,632</u>	-
Total U.S. Department of Health and Human Services			<u>456,988</u>	-
U.S. Environmental Protection Agency				
Passed through Illinois Department of Public Health:				
Performance Partnership Grants: Non-Community Water Grant	66.432	FY-12 FY-13	338 162 <u>500</u>	- - -
Total U.S. Environmental Protection Agency			<u>500</u>	-

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

<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 Homeland Security				
Passed through Illinois Emergency Management Agency:				
Emergency Management Assistance	97.042	N/A	\$ 13,387	\$ -
U.S. Election Assistance Commission				
Passed through Illinois State Elections Board:				
Voting Access for Individuals with Disabilities	93.617	FY12	2,801	-
Help America Vote Act Requirement Payments	90.401	FY12	<u>30,417</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>33,218</u>	<u>-</u>
TOTAL EXPENDITURES			<u>\$ 1,101,634</u>	<u>\$ -</u>

SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER

<u>CFDA Number</u>	<u>Amount</u>	<u>Total Cluster</u>
10.557	\$ 597,541	\$ -
66.432	500	-
90.401	30,417	-
93.052	1,782	-
93.069	29,552	-
93.074	15,079	-
93.217	28,593	-
93.268	44,630	-
93.283	79,203	-
93.563	7,555	-
93.617	2,801	-
93.667	48,054	-
93.767	5,523	-
93.778	167,554	-
93.994	29,463	-
97.042	<u>13,387</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 1,101,634</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditures of federal awards.

**LIVINGSTON COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal grants of Livingston County, Illinois. The Livingston County reporting entity is defined in the Summary of Significant Accounting Policies section of the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through to other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Nonmonetary Assistance

Nonmonetary assistance is reported in the schedule at the fair market value of the nonmonetary assistance received and disbursed.

NOTE 2 - 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 Livingston County and redeemed during the period July 1, 2011 to September 30, 2012 was \$453,643 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.

NOTE 3 - COMMODITIES - VACCINES

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs (Immunization Grants - Commodities - 93.268). The value of vaccines activity during fiscal year 2012 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2011</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2012</u>
<u>\$ 11,046</u>	<u>\$ 43,838</u>	<u>\$ 42,870</u>	<u>\$ 12,014</u>

LIVINGSTON COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2012

NOTE 4 - 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.

**LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

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? 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 weakness(es)? Yes x 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 OMB Circular A-133? x Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children

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

Auditee qualified as low-risk auditee? Yes x No

**LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES

Financial Statement Findings

Finding No. 2012-1 - Segregation of Duties

Condition:

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

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.

Effect:

As a result of the lack of segregation of duties and 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 a limited number of personnel involved in accounting transactions within the County Courthouse 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.

Views of responsible officials and planned corrective action:

Management will continue monitoring of financial results throughout the year to the extent possible.

Responsible party:

Kristy Masching, County Clerk, Michael Burke, Coroner, and Seth Uphoff, State's Attorney.

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Financial Statement Findings (Continued)

Finding No. 2012-2 - Financial Statement Preparation

Condition:

Currently, the County's personnel do not prepare or perform a detailed review of the County's financial statements and related disclosures, and schedule of expenditures of federal awards to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected prior to assistance from the external auditors. The County 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 to the external auditors. The County engages the external auditors to assist in preparing its financial statements, accompanying disclosures, and schedule of expenditures of federal awards. However, as independent auditors, external auditors cannot be considered part of the County's internal control system.

Criteria or specific requirement:

In an ideal control setting, the County would have personnel possessing a thorough understanding of applicable generally accepted accounting principles staying abreast of recent accounting developments. Such personnel would perform a comprehensive review procedure to ensure that in the preparation of its annual financial statements and schedule of expenditures of federal awards that such statements, including disclosures and schedules, are complete and accurate.

Effect:

It is possible that a misstatement of the County's financial statements or schedule of expenditures of federal awards could occur and not be prevented or detected by the County's internal control.

Cause:

The County has not made it a practice to have County officials or other personnel prepare the financial statements prior to assistance from the external auditors.

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Financial Statement Findings (Continued)

Finding No. 2012-2 - Financial Statement Preparation (Continued)

Recommendation:

To establish proper internal control over the preparation of its financial statements, including disclosures and schedule of expenditures of federal awards, the County would need to design and implement a comprehensive review procedure to ensure that the financial statements and schedule of expenditures of federal awards, including disclosures, are complete and accurate. Such review procedures would need to be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

Views of responsible officials and planned corrective action:

Management will attend training classes as deemed appropriate and as they are available, to ensure that financial statements are prepared in accordance with all applicable standards/requirements. Livingston County does not have a County auditor office/position.

Responsible party:

Barb Sear, Treasurer and Kristy Masching, County Clerk.

Finding No. 2012-3 - Significant Audit Adjustments

Condition:

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

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.

LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Financial Statement Findings (Continued)

Finding No. 2012-3 - Significant Audit Adjustments (Continued)

Effect:

The County's lack of effective internal controls over its accounting system constitutes a material weakness, which is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Cause:

Significant audit adjustments were a result of County officials preparing accounting records and reports on the cash basis of accounting. As indicated in the County's audited basic financial statements, the accounting for all funds has been converted to the modified accrual basis or accrual basis, as required by accounting principles generally accepted in the United States of America.

Recommendation:

To establish proper internal control over its accounting system, the County should design and implement accounting policies and procedures which will allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. 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.

Views of responsible officials and planned corrective action:

The County maintains a cash basis accounting system which is then converted to a modified accrual basis. As changes are made in the County's software system, changing to an accrual system will be considered.

Responsible party:

June Slagel, Finance Resource Specialist

**LIVINGSTON COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2012-1 - Segregation of Duties

See Section II - Financial Statement Findings

Federal Agency Program:

U.S. Department of Agriculture, Passed Through Illinois Department of Human Services - CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children Except for Non-Cash Food Instruments

Other programs except non-cash programs

Questioned costs: None

Finding No. 2012-2 - Financial Statement Preparation

See Section II - Financial Statement Findings

Federal Agency/Program:

U.S. Department of Agriculture, Passed Through Illinois Department of Human Services - CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children

All other programs

Questioned costs: None

Finding No. 2012-3 - Significant Audit Adjustments

See Section II - Financial Statement Findings

Federal Agency/Program:

U.S. Department of Agriculture, Passed Through Illinois Department of Human Services - CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children

All other programs

Questioned costs: None

LIVINGSTON COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended November 30, 2012

Financial Statement Findings

Finding No. 2011-1 - Segregation of Duties

Due to the limited number of personnel performing accounting functions in the various offices of the County, the County does not have adequate segregation of duties over accounting transactions in those offices. As a result of this condition, there is a higher risk that errors or misappropriation could occur and not be detected within a timely period. This finding was repeated as finding 2012-1.

Finding No. 2011-2 - Financial Statement Preparation

This condition continues to exist due to a limited number of personnel possessing a thorough understanding of applicable generally accepted accounting principles. This finding has been repeated in the current year as finding 2012-2.

Finding No. 2011-3 - Significant Audit Adjustments

This condition continues to exist due to County officials preparing accounting records and reports on a cash basis of accounting, whereas the County's audited basic financial statements have been converted to a modified accrual basis or accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. This finding has been repeated in the current year as finding 2012-3.