

COUNTY OF MCHENRY, ILLINOIS

REPORT ON FEDERAL AWARDS

For the Year Ended November 30, 2015

COUNTY OF MCHENRY

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Baker Tilly Virchow Krause, LLP
205 N Michigan Ave
Chicago, IL 60601-5927
tel 312 729 8000
fax 312 729 8199
bakertilly.com

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*

Independent Auditors' Report

To the Honorable Chairman
and Members of the County Board
County of McHenry, Illinois

We have audited, 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, 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 of McHenry, Illinois as of and for the year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise the County of McHenry's basic financial statements and have issued our report thereon dated April 29, 2016. Our report includes a reference to other auditors who audited the financial statements of the Public Building Commission and the Conservation District, as described in our report on the County of McHenry's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Public Building Commission and Conservation District were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of McHenry'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 of McHenry's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of McHenry'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.

To the Honorable Chairman
and Members of the County Board
County of McHenry, Illinois

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 of McHenry'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 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.



Chicago, Illinois
April 29, 2016

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

Independent Auditors' Report

To the Honorable Chairman
and Members of the County Board
County of McHenry, Illinois

Report on Compliance for Each Major Federal Program

We have audited the County of McHenry, 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 the County of McHenry's major federal programs for the year ended November 30, 2015. The County of McHenry'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of McHenry'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 of McHenry'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 of McHenry's compliance.

To the Honorable Chairman
and Members of the County Board
County of McHenry, Illinois

Opinion on Each Major Federal Program

In our opinion, the County of McHenry 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, 2015.

Report on Internal Control Over Compliance

Management of the County of McHenry 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 of McHenry'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 of McHenry'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. 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.

Purpose of this Report

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.

To the Honorable Chairman
and Members of the County Board
County of McHenry, Illinois

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 of McHenry, Illinois as of and for the year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise the County of McHenry's basic financial statements. We issued our report thereon dated April 29, 2016, 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. Our report includes a reference to other auditors who audited the financial statements of the Public Building Commission and the Conservation District, as described in our report on the County of McHenry's 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 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.

Baker Tilly Vuchow Krause, LLP
Chicago, Illinois
July 6, 2016

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Agriculture					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC - 2015)	10.557	IDHS	FCSTQ01062	\$ 620,521	\$ 380,799
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC - 2016)	10.557	IDHS	FCSUQ01062	609,108	175,081
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Breastfeeding Peer Counseling - 2015)	10.557	IDHS	FCSTQ01156	28,457	15,894
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Breastfeeding Peer Counseling - 2016)	10.557	IDHS	FCSUQ01156	30,000	8,057
Special Supplemental Nutrition Program for Women, Infants, and Children (Noncash Food Instruments - 2015)	10.557	IDHS	n/a	-	1,051,773
Special Supplemental Nutrition Program for Women, Infants, and Children (Noncash Food Instruments - 2016)	10.557	IDHS	n/a	-	643,705
			10.557 - subtotal	<u>1,288,086</u>	<u>2,275,309</u>
WIC Farmers' Market Nutrition Program - 2015	10.572	IDHS	FCSTQ01244	864	-
WIC Farmers' Market Nutrition Program - 2016	10.572	IDHS	FCSUQ01244	1,000	877
			10.572 - subtotal	<u>1,864</u>	<u>877</u>
Total U.S. Department of Agriculture				<u>1,289,950</u>	<u>2,276,186</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grant (CDBG) - 2014	14.218	n/a	B-14-UC-17-0007	1,336,311	1,144,230
Community Development Block Grant (CDBG) - 2015	14.218	n/a	B-15-UC-17-0007	1,336,571	364,588
Community Development Block Grant (NSP)	14.218	n/a	B-08-UN-17-0005	3,085,695	103,677
Community Development Block Grant (NSP) - Program income	14.218	n/a	n/a	-	-
			14.218 - subtotal	<u>5,758,577</u>	<u>1,612,495</u>

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development (Continued)					
Housing Investment Partnership Program (HOME) - 2012	14.239	n/a	M-12-UC-17-0219	\$ 422,911	\$ 240,318
Housing Investment Partnership Program (HOME) - 2013	14.239	n/a	M-13-UC-17-0219	442,786	148,702
			14.239 - subtotal	865,697	389,020
Continuum of Care Program - 2013	14.267	n/a	IL0579L5T001300	11,582	11,582
Total U.S. Department of Housing and Urban Developer				6,635,856	2,013,097
U.S. Department of the Interior					
Historic Preservation Fund Grants-In-Aid (Rural Historical Structures Survey)	15.904	IHPA	CL20140229	15,400	15,400
Total U.S. Department of the Interior				15,400	15,400
U.S. Department of Justice					
State Criminal Alien Assistance Program (SCAAP) - 2010	16.606	n/a	n/a	163,531	30,500
State Criminal Alien Assistance Program (SCAAP) - 2011	16.606	n/a	n/a	100,820	-
State Criminal Alien Assistance Program (SCAAP) - 2012	16.606	n/a	n/a	88,886	-
State Criminal Alien Assistance Program (SCAAP) - 2013	16.606	n/a	n/a	75,827	66,292
State Criminal Alien Assistance Program (SCAAP) - 2014	16.606	n/a	n/a	72,591	-
State Criminal Alien Assistance Program (SCAAP) - 2015	16.606	n/a	n/a	65,794	-
			16.606 - subtotal	567,449	96,792
Edward Byrne Memorial Justice Assistance Grant Program - 2015	16.738	ICJIA	411024	66,715	66,715
Total U.S. Department of Justice				634,164	163,507

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Labor					
Trade Adjustment Assistance	17.245	IDCEO	13-661002	\$ 17,199	\$ 15,338
Trade Adjustment Assistance	17.245	IDCEO	14-661002	33,480	1,489
			17.245 - subtotal	<u>50,679</u>	<u>16,827</u>
WIA Cluster					
WIA Adult Program - 2013	17.258	IDCEO	13-681002	408,457	-
WIA Adult Program - (Incentive Funds)	17.258	IDCEO	12-632002	1,146	186
WIA Adult Program - 2014	17.258	IDCEO	14-681002	446,659	301,416
WIA Adult Program - (Program Income - 2014)	17.258	IDCEO	n/a	-	411
WIOA Adult Program - 2015	17.258	IDCEO	15-681002	391,087	66,758
			17.258 - subtotal	<u>1,247,349</u>	<u>368,771</u>
WIA Youth Activities - 2013	17.259	IDCEO	13-681002	621,529	-
WIA Youth Activities - (Incentive Funds)	17.259	IDCEO	12-632002	1,743	283
WIA Youth Activities - 2014	17.259	IDCEO	14-681002	667,866	522,527
WIA Youth Activities - (Program Income - 2014)	17.259	IDCEO	n/a	-	615
WIOA Youth Activities - 2015	17.259	IDCEO	15-681002	663,464	90,788
			17.259 - subtotal	<u>1,954,602</u>	<u>614,213</u>
WIA Dislocated Workers - 2013	17.278	IDCEO	13-681002	773,378	2,586
WIA Dislocated Workers - (Incentive Funds)	17.278	IDCEO	12-632002	2,169	352
WIA Dislocated Workers - 2014	17.278	IDCEO	14-681002	868,741	688,501
WIA Dislocated Workers - (Program Income - 2014)	17.278	IDCEO	n/a	-	800
WIOA Dislocated Workers - 2015	17.278	IDCEO	15-681002	925,774	209,647
WIA Dislocated Workers - (Rapid Response)	17.278	IDCEO	13-652002	13,125	7,465
WIA Dislocated Workers - (Talent Pipeline)	17.278	IDCEO	14-654038	200,000	8,112
			17.278 - subtotal	<u>2,783,187</u>	<u>917,463</u>
			WIA Cluster - subtotal	<u>5,985,138</u>	<u>1,900,447</u>

See accompanying notes to schedule of expenditures of federal awards.

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Labor (Continued)					
WIA National Emergency Grants - (NEG - Dislocated Worker Training)	17.277	IDCEO	13-671002	\$ <u>120,550</u>	\$ <u>23,275</u>
Workforce Innovation Fund - (ATIM)	17.283	Will County	ATIM-02	<u>218,197</u>	<u>51,477</u>
Total U.S. Department of Labor				6,374,564	1,992,026
U.S. Department of Transportation					
Highway Planning and Construction	20.205	IDOT	D-91-254-09	876,260	30,206
Highway Planning and Construction	20.205	IDOT	D-91-743-10	115,200	25,523
Highway Planning and Construction	20.205	IDOT	D-91-748-10	126,804	120,775
Highway Planning and Construction	20.205	IDOT	P-91-144-15	110,628	39,326
Highway Planning and Construction	20.205	IDOT	P-91-152-15	160,022	124,177
Highway Planning and Construction	20.205	IDOT	P-91-151-15	137,488	126,640
Highway Planning and Construction	20.205	IDOT	P-91-747-10	320,000	41,775
Highway Planning and Construction - 2015	20.205	CMAP	C-15-0007	62,185	35,007
Highway Planning and Construction - 2016	20.205	CMAP	C-16-0007	<u>95,676</u>	<u>12,709</u>
20.205 - subtotal				<u>2,004,263</u>	<u>556,138</u>
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	RTA	S5310-2014-04	<u>600,000</u>	<u>337,684</u>
National Priority Safety Programs - (STEP - 2015)	20.616	IDOT	OP-15-0109	43,164	41,331
National Priority Safety Programs - (STEP - 2016)	20.616	IDOT	OP-16-0059	<u>47,408</u>	<u>8,556</u>
20.616 - subtotal				<u>90,572</u>	<u>49,887</u>

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Transportation (Continued)					
Interagency Hazardous Materials Public Sector Training and Planning Grants - (HMEP - 2015)	20.703	IEMA	14HMEMCHEN	\$ 1,713	\$ 1,713
Total U.S. Department of Transportation				2,696,548	945,422
U.S. Environmental Protection Agency					
Performance Partnership Grants - (Potable Water - 2015)	66.605	IDPH	55380180C	20,175	20,175
Total U.S. Environmental Protection Agency				20,175	20,175
U.S. Department of Health and Human Services					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - 2015	93.074	IDPH	57180060C	185,085	107,145
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - 2016	93.074	IDPH	67180060D	186,318	70,984
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Cities Readiness - 2015)	93.074	IDPH	57180112C	49,675	31,233
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Cities Readiness - 2016)	93.074	IDPH	67180112D	57,107	8,230
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Ebola Virus Disease - 2016)	93.074	IDPH	67180168D	67,156	12
			93.074 - subtotal	545,341	217,604

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Immunization Grants - (Noncash Assistance)	93.268	IDPH	n/a	\$ -	\$ 265,043
Immunization Grants - (Vaccines for Children (AFIX) - 2014-2015)	93.268	IDPH	45180021B	31,161	2,207
Immunization Grants - (Vaccines for Children (AFIX) - 2015-2016)	93.268	IDPH	55180241C	<u>35,000</u>	<u>29,781</u>
			93.268 - subtotal	<u>66,161</u>	<u>297,031</u>
Drug-Free Communities Support Program Grants	93.276	n/a	1H79SP020049-01	<u>625,000</u>	<u>119,776</u>
Centers for Disease Control and Prevention-Investigations and Technical Assistance - (Breast & Cervical Cancer - 2016)	93.283	IDPH	66180019D	<u>70,000</u>	<u>26,794</u>
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges - (In-Person Counselor - 2015)	93.525	IDPH	50180046C	<u>285,373</u>	<u>214,342</u>
Child Support Enforcement - 2015	93.563	IHFS	n/a	<u>12,383</u>	<u>12,383</u>
Child Care and Development Block Grant - (Healthy Child Care Illinois - 2015)	93.575	IDHS	FCSTI01762	<u>59,985</u>	<u>34,454</u>
State Court Improvement Program (CPDC Grant) - FFY15	93.586	AOIC	CIPData-G-1405	<u>4,492</u>	<u>4,492</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations - (Breast & Cervical Cancer - 2015)	93.752	IDPH	56180019C	<u>120,431</u>	<u>85,449</u>
Medical Assistance Program - 2015	93.778	IHFS	n/a	<u>275,150</u>	<u>275,150</u>
HIV Prevention Activities - Health Department Based - 2014	93.940	IPHA	14-142-03	<u>13,460</u>	<u>7,830</u>

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Program/ Award Amount	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Maternal and Child Health Services Block Grant to the States - (Oral Health - 2015)	93.994	IDPH	53480128C	\$ 519	\$ 148
Maternal and Child Health Services Block Grant to the States - (Oral Health - 2016)	93.994	IDPH	63480127D	2,200	-
Maternal and Child Health Services Block Grant to the States - (Coordinated School Health - 2015)	93.994	IDPH	56380049C	<u>24,000</u>	<u>10,834</u>
			93.994 - subtotal	<u>26,719</u>	<u>10,982</u>
Total U.S. Department of Health and Human Services				<u>2,104,495</u>	<u>1,306,287</u>
Department of Homeland Security					
Emergency Management Performance Grants - 2015	97.042	IEMA	15EMAMCHEN	<u>75,836</u>	<u>75,836</u>
Total Department of Homeland Security				<u>75,836</u>	<u>75,836</u>
Total Expenditures of Federal Awards				<u>\$ 19,846,988</u>	<u>\$ 8,807,936</u>

COUNTY OF MCHENRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended November 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the County of McHenry under programs of the federal government for the year ended November 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County of McHenry, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of McHenry.

The County of McHenry is the primary government according to GASB criteria, while the Public Building Commission is a blended component unit, and the Conservation District is a discretely presented component unit.

The Public Building Commission and the Conservation District were not required to have an audit in accordance with OMB Circular A-133.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis; i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – NONCASH PAYMENTS

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs – Immunization Grants (CFDA 93.268). The value of vaccines received during the year ended November 30, 2015 was \$317,867. Of this amount, \$69,147 remained unused, and was included as inventory at November 30, 2015.

The County receives non-cash assistance from the Illinois Department of Human Services under the Special Supplemental Food Program for Women, Infants, and Children (WIC – CFDA 10.557), in the form of food instruments, which are distributed to qualifying WIC participants. Total distributions during the year ended November 30, 2015 were \$1,695,478.

COUNTY OF MCHENRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended November 30, 2015

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County of McHenry provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant (CDBG)	14.218	\$ 1,260,934
Home Investment Partnership Program (HOME)	14.239	338,752
State Planning and Establishment Grants for the Affordable Care ACT (ACA)'s Exchanges – (In-Person Counselor)	93.525	<u>8,654</u>
Total		<u>\$ 1,608,340</u>

NOTE 5 – INSURANCE AND LOANS OR LOAN GUARANTEES

During the year ended November 30, 2015, McHenry County received no insurance loans, loans, or loan guarantees for the purpose of administering federal programs.

COUNTY OF MCHENRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended November 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: **Unmodified**

Internal control over financial reporting:

- > Material weakness(es) identified? _____ yes X no
- > Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

FEDERAL AWARDS

Internal control over major programs:

- > Material weakness(es) identified? _____ yes X no
- > Significant deficiency(ies) identified? _____ yes X 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 section 510(a) of OMB Circular A-133?

_____ yes X no

Auditee qualified as low-risk auditee?

 X yes _____ no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities

Dollar threshold used to distinguish between type A and type B programs:

 \$ 300,000

COUNTY OF MCHENRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

For the year ended November 30, 2015, there were no financial statement findings for which *Government Auditing Standards* requires reporting.

SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS

For the year ended November 30, 2015, there were no federal findings or questioned costs.

PAMELA PALMER, CFE
County Auditor

JAMES BERNIER, CPA, CPFO
Financial Reporting Manager/
Chief Deputy Auditor

OFFICE OF
THE COUNTY AUDITOR

McHENRY COUNTY, ILLINOIS
2200 NORTH SEMINARY AVENUE
WOODSTOCK, ILLINOIS 60098

PHONE: 815 334-4204
FAX: 815 334-4621

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
November 30, 2015

FINDING 2014-001 – HOUSING INVESTMENT PARTNERSHIP PROGRAM (HOME), CFDA NO. 14.239

Criteria:

The requirements for submitting HUD Form 60002 are contained in the Code of Federal Regulations, Sections 135.3(a) and 135.90. In order to comply with Section 3 Summary Report, Economical Opportunities for Low and Very Low-Income Persons, each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of Section 3.

Condition/Context:

The County did not file HUD Form 60002 for the grant awarded in 2014.

Effect:

The County has not complied with program requirements.

Questioned Costs:

None noted.

Cause:

The County was unaware that they were required to file HUD Form 60002 when there were no subrecipients for HOME grant funds awarded in 2014.

Recommendation:

The County should file HUD Form 60002 annually.

**FINDING 2014-001 – HOUSING INVESTMENT PARTNERSHIP PROGRAM (HOME), CFDA NO. 14.239
(Continued)**

Corrective Action Taken During Fiscal Year 2015

McHenry County was aware that a HUD Form 60002 for the grant year 2014 was not filed at the time of the audit. The reasoning for this was that the County did not enter into any contracts for the HOME funds for that grant year. Staff of the Community Development Division submitted a question to HUD Region Five concerning what the County should do about filing the HUD Form 60002 and the initial response from HUD was not clear. In continuing to question HUD concerning this issue the staff did ultimately receive instructions that the report should be filed showing no contracts entered into for the 2014 year. The staff of the Community Development Division subsequently filed HUD Form 60002 with HUD showing no contracts entered into for year 2014. Also, staff went back two years prior and determined that the forms were not submitted to HUD for the HOME program years 2012 and 2013 under the same reasoning that the 2014 form was not initially submitted. Staff submitted to HUD the 2012 and 2013 HOME HUD Forms 60002 when the 2014 form was submitted. The 2015 HUD Forms 60002 were submitted by the March 31, 2016 deadline. Staff understands the proper procedure is to submit the HUD Form 60002 for both CDBG and HOME annually regardless of whether funds were spent.