

COUNTY OF MCHENRY, ILLINOIS

REPORT ON FEDERAL AWARDS

For the Year Ended November 30, 2016

COUNTY OF MCHENRY

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of McHenry, Illinois as of and for the year ended November 30, 2016, 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 July 25, 2017. 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.

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.

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

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.

Baker Tilly Virchow Krause, LLP

Chicago, Illinois
July 25, 2017

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM, REPORT ON
INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited the County of McHenry, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County of McHenry's major federal program for the year ended November 30, 2016. The County of McHenry's major federal program is 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 the County of McHenry's major federal program 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 the 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 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 the 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 the 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 its major federal program for the year ended November 30, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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 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 the Uniform Guidance. 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 the Uniform Guidance

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, County of McHenry, Illinois as of and for the year ended November 30, 2016, 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 July 25, 2017, 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 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.

Baker Tilly Virchow Krause, LLP

Chicago, Illinois
August 1, 2017

County of McHenry, Illinois
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Federal Expenditures	Sub-recipient Expenditures
U.S. Dept. of Agriculture					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC - 2016)	10.557	IL Dept. of Human Services	FCSTQ01062	\$ 391,224	\$ -
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC - 2017)	10.557	IL Dept. of Human Services	FCSUQ01062	272,685	-
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Breastfeeding Peer Counseling - 2016)	10.557	IL Dept. of Human Services	FCSTQ01156	17,494	-
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Breastfeeding Peer Counseling - 2017)	10.557	IL Dept. of Human Services	FCSUQ01156	12,175	-
Special Supplemental Nutrition Program for Women, Infants, and Children (Noncash Food Instruments - 2016)	10.557	IL Dept. of Human Services	n/a	1,471,814	-
Special Supplemental Nutrition Program for Women, Infants, and Children (Noncash Food Instruments - 2017)	10.557	IL Dept. of Human Services	n/a	<u>595,081</u>	<u>-</u>
			10.557 - subtotal	<u>2,760,473</u>	<u>-</u>
WIC Farmers' Market Nutrition Program - 2017	10.572	IL Dept. of Human Services	FCSUQ01244	<u>1,000</u>	<u>-</u>
Total U.S. Dept. of Agriculture				<u><u>2,761,473</u></u>	<u><u>-</u></u>
U.S. Dept. of Housing and Urban Development					
CDBG Entitlement Grants Cluster					
Community Development Block Grant (CDBG) - 2014	14.218	n/a	B-14-UC-17-0007	66,484	66,484
Community Development Block Grant (CDBG) - 2015	14.218	n/a	B-15-UC-17-0007	929,550	921,107
Community Development Block Grant (CDBG) - 2016	14.218	n/a	B-16-UC-17-0007	487,428	334,257
Community Development Block Grant (NSP)	14.218	n/a	B-08-UN-17-0005	113,257	37,211
Community Development Block Grant (NSP) - Program income	14.218	n/a	n/a	<u>11,400</u>	<u>-</u>
Total CDBG Entitlement Grants Cluster			14.218 - subtotal	<u>1,608,119</u>	<u>1,359,059</u>
Housing Investment Partnership Program (HOME) - 2012	14.239	n/a	M-12-UC-17-0219	62,021	62,021
Housing Investment Partnership Program (HOME) - 2013	14.239	n/a	M-13-UC-17-0219	223,733	209,698
Housing Investment Partnership Program (HOME) - 2014	14.239	n/a	M-14-UC-17-0219	380,677	344,545
Housing Investment Partnership Program (HOME) - 2015	14.239	n/a	M-15-UC-17-0219	38,304	37,576
Housing Investment Partnership Program (HOME) - 2016	14.239	n/a	M-16-UC-17-0219	<u>23,159</u>	<u>23,159</u>
			14.239 - subtotal	<u>727,894</u>	<u>676,999</u>

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Federal Expenditures	Sub-recipient Expenditures
U.S. Dept. of Housing and Urban Development (Continued)					
Continuum of Care Program - 2014	14.267	n/a	IL0579L5T001400	\$ 10,900	\$ -
Continuum of Care Program - 2015	14.267	n/a	IL0579L5T001500	904	-
			14.267 - subtotal	11,804	-
Total U.S. Dept. of Housing and Urban Development				2,347,817	2,036,058
U.S. Dept. of Justice					
State Criminal Alien Assistance Program (SCAAP) - 2010	16.606	n/a	n/a	5,148	-
State Criminal Alien Assistance Program (SCAAP) - 2011	16.606	n/a	n/a	2,149	-
State Criminal Alien Assistance Program (SCAAP) - 2012	16.606	n/a	n/a	51,698	-
State Criminal Alien Assistance Program (SCAAP) - 2014	16.606	n/a	n/a	72,472	-
			16.606 - subtotal	131,467	-
Edward Byrne Memorial Justice Assistance Grant Program - 2016	16.738	IL Criminal Justice Information Authority	411024	66,715	-
Total U.S. Dept. of Justice				198,182	-
U.S. Dept. of Labor					
Trade Adjustment Assistance	17.245	IL Dept. of Commerce and Economic Opportunity	14-661002	44,677	-
Trade Adjustment Assistance	17.245	IL Dept. of Commerce and Economic Opportunity	15-661002	8,627	-
			17.245 - subtotal	53,304	-
WIA Cluster					
WIA Adult Program - 2014	17.258	IL Dept. of Commerce and Economic Opportunity	14-681002	8,312	-
WIA Adult Program - (Incentive Funds)	17.258	IL Dept. of Commerce and Economic Opportunity	13-632002	5,654	-
WIA Adult Program - (Incentive Funds)	17.258	IL Dept. of Commerce and Economic Opportunity	14-632002	186	-
WIOA Adult Program - 2015	17.258	IL Dept. of Commerce and Economic Opportunity	15-681002	319,323	-
WIA Adult Program - (Program Income - 2015)	17.258	IL Dept. of Commerce and Economic Opportunity	n/a	27	-
WIOA Adult Program - 2016	17.258	IL Dept. of Commerce and Economic Opportunity	16-681002	68,592	-
			17.258 - subtotal	402,094	-

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Federal Expenditures	Sub-recipient Expenditures
U.S. Dept. of Labor (Continued)					
WIA Youth Activities - 2014	17.259	IL Dept. of Commerce and Economic Opportunity	14-681002	\$ 7,039	\$ -
WIA Youth Activities - (Incentive Funds)	17.259	IL Dept. of Commerce and Economic Opportunity	13-632002	8,358	-
WIA Youth Program - (Incentive Funds)	17.259	IL Dept. of Commerce and Economic Opportunity	14-632002	278	-
WIOA Youth Activities - 2015	17.259	IL Dept. of Commerce and Economic Opportunity	15-681002	572,676	-
WIA Youth Activities - (Program Income - 2015)	17.259	IL Dept. of Commerce and Economic Opportunity	n/a	40	-
WIOA Youth Activities - 2016	17.259	IL Dept. of Commerce and Economic Opportunity	16-681002	167,525	-
			17.259 - subtotal	755,916	-
WIA Dislocated Workers - 2014	17.278	IL Dept. of Commerce and Economic Opportunity	14-681002	12,597	-
WIA Dislocated Workers - (Incentive Funds)	17.278	IL Dept. of Commerce and Economic Opportunity	13-632002	10,570	-
WIA Dislocated Workers - (Incentive Funds)	17.278	IL Dept. of Commerce and Economic Opportunity	14-632002	361	-
WIOA Dislocated Workers - 2015	17.278	IL Dept. of Commerce and Economic Opportunity	15-681002	704,918	-
WIA Dislocated Workers - (Program Income - 2015)	17.278	IL Dept. of Commerce and Economic Opportunity	n/a	53	-
WIOA Dislocated Workers - 2016	17.278	IL Dept. of Commerce and Economic Opportunity	16-681002	92,644	-
WIA Dislocated Workers - (Trade Case Management)	17.278	IL Dept. of Commerce and Economic Opportunity	15-652002	33,469	-
WIA Dislocated Workers - (Talent Pipeline)	17.278	IL Dept. of Commerce and Economic Opportunity	14-654038	55,854	-
			17.278 - subtotal	910,466	-
			WIA Cluster - subtotal	2,068,476	-
Total U.S. Dept. of Labor				2,121,780	-
U.S. Dept. of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	IL Dept. of Transportation	D-91-748-10	1,110	-
Highway Planning and Construction	20.205	IL Dept. of Transportation	P-91-144-15	23,732	-
Highway Planning and Construction	20.205	IL Dept. of Transportation	P-91-152-15	28,888	-
Highway Planning and Construction	20.205	IL Dept. of Transportation	P-91-151-15	1,116	-
Highway Planning and Construction	20.205	IL Dept. of Transportation	P-91-747-10	253,959	-
Highway Planning and Construction - 2016	20.205	Chicago Metropolitan Agency for Planning	C-16-0007	34,703	-
Highway Planning and Construction - 2017	20.205	Chicago Metropolitan Agency for Planning	C-17-0007	24,180	-
Total Highway Planning and Construction Cluster			20.205 - subtotal	367,688	-
Transit Services Program Cluster					
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	Regional Transportation Authority	S5310-2014-04	347,162	-

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, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Federal Expenditures	Sub-recipient Expenditures
U.S. Dept. of Transportation (Continued)					
Highway Safety Cluster					
National Priority Safety Programs - (STEP - 2016)	20.616	IL Dept. of Transportation	OP-16-0059	\$ 39,007	\$ -
National Priority Safety Programs - (STEP - 2017)	20.616	IL Dept. of Transportation	OP-17-0008	6,102	-
Total Highway Safety Cluster			20.616 - subtotal	<u>45,109</u>	<u>-</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants - (HMEP - 2016)	20.703	IL Emergency Management Agency	15HMEMCHEN	<u>972</u>	<u>-</u>
Total U.S. Dept. of Transportation				<u>760,931</u>	<u>-</u>
U.S. Dept. of Health and Human Services					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - 2016					
	93.074	IL Dept. of Public Health	67180060D	101,534	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - 2017					
	93.074	IL Dept. of Public Health	77180060E	67,489	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Cities Readiness - 2016)					
	93.074	IL Dept. of Public Health	67180112D	27,158	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Cities Readiness - 2017)					
	93.074	IL Dept. of Public Health	67180112D	4,019	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - (Ebola Virus Disease - 2016)					
	93.074	IL Dept. of Public Health	67180168D	<u>39,731</u>	<u>-</u>
			93.074 - subtotal	<u>239,931</u>	<u>-</u>
Immunization Grants - (Noncash Assistance)	93.268	IL Dept. of Public Health	n/a	331,646	-
Immunization Grants - (Vaccines for Children (AFIX) - 2015-2016)	93.268	IL Dept. of Public Health	55180241C	4,450	-
Immunization Grants - (Vaccines for Children (AFIX) - 2016-2017)	93.268	IL Dept. of Public Health	65180014D	<u>28,017</u>	<u>-</u>
			93.268 - subtotal	<u>364,113</u>	<u>-</u>

County of McHenry, Illinois
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended November 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Agency	Grant Number	Federal Expenditures	Sub-recipient Expenditures
U.S. Dept. of Health and Human Services (Continued)					
Drug-Free Communities Support Program Grants	93.276	n/a	1H79SP020049-01	\$ 125,459	\$ -
Centers for Disease Control and Prevention-Investigations and Technical Assistance - (Breast & Cervical Cancer - 2016)	93.283	IL Dept. of Public Health	66180019D	127,505	-
Centers for Disease Control and Prevention-Investigations and Technical Assistance - (Breast & Cervical Cancer - 2017)	93.283	IL Dept. of Public Health	76180017E	115,775	-
			93.283- subtotal	243,280	-
Total U.S. Dept. of Health and Human Services				972,783	-
Dept. of Homeland Security					
Hazard Mitigation - 2016	97.039	IL Emergency Management Agency	PDM14MCHEN	45,611	-
Total Dept. of Homeland Security				45,611	-
Total Expenditures of Federal Awards				\$ 9,208,577	\$ 2,036,058

COUNTY OF MCHENRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended November 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the County of McHenry under programs of the federal government for the year ended November 30, 2016. 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* (Uniform Guidance). 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 the Uniform Guidance.

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 the Uniform Guidance and OMB circular A-87, 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, 2016 was \$288,645. Of this amount, \$26,147 remained unused, and was included as inventory at November 30, 2016.

The County receives noncash 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, 2016 were \$2,066,895.

COUNTY OF MCHENRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended November 30, 2016

NOTE 4 – INSURANCE AND LOANS OR LOAN GUARANTEES

During the year ended November 30, 2016, McHenry County received no insurance loans, loans, or loan guarantees for the purpose of administering federal programs.

NOTE 5 – INDIRECT COST RATE

The County of McHenry has not elected to use the 10% de minimis indirect cost rate.

COUNTY OF MCHENRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended November 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of report the auditor 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 2 CFR 200.516(a) of the Uniform Guidance?

 yes X no

Auditee qualified as low-risk auditee?

 X yes no

Identification of major federal program:

CFDA Numbers

Name of Federal Program or Cluster

17.258, 17.259, 17.278

WIA Cluster

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

\$ 750,000

COUNTY OF MCHENRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

For the year ended November 30, 2016, there were no financial statement findings for which *Government Auditing Standards* requires reporting.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

For the year ended November 30, 2016, there were no federal findings or questioned costs.