

MCLEAN COUNTY, ILLINOIS

REPORT ON FEDERAL AWARDS

For the Year Ended December 31, 2017

MCLEAN COUNTY, ILLINOIS

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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 County Board of
McLean County
Bloomington, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McLean County, Illinois as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise McLean County's basic financial statements, and have issued our report thereon dated May 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the Public Building Commission of McLean County, Illinois, as described in our report on McLean County'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 of McLean County, Illinois 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 McLean 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 McLean County's internal control. Accordingly, we do not express an opinion on the effectiveness of McLean 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. 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 County Board of
McLean County, Illinois

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McLean 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*.

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

Oak Brook, Illinois
May 30, 2018

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

Independent Auditors' Report

To the County Board of
McLean County
Bloomington, Illinois

Report on Compliance for Each Major Federal Program

We have audited McLean County, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McLean County's major federal programs for the year ended December 31, 2017. McLean County'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 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 McLean 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 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 McLean 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 McLean County's compliance.

To the County Board of
McLean County, Illinois

Opinion on Each Major Federal Program

In our opinion, McLean 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of McLean County 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 McLean 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 McLean 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 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

McLean County's Response to Finding

McLean County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. McLean 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.

To the County Board of
McLean County, Illinois

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.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McLean County, Illinois as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise McLean County's basic financial statements. We issued our report thereon dated May 30, 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. Our report includes reference to other auditors who audited the financial statements of the Public Building Commission of McLean County, Illinois, as described in our report on McLean County'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

Oak Brook, Illinois
June 19, 2018

MCLEAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

| Grantor Agency / Program Title | Federal CFDA Number | Passed Through Agency | Grantor's Identifying Number | Federal Expenditures | Payments to Subrecipients |
|--|---------------------------|-----------------------------|------------------------------------|-------------------------|---------------------------------|
| U.S. Department of Agriculture | | | | | |
| <i>Child Nutrition Cluster</i> | | | | | |
| School Breakfast Program | 10.553 | ISBE | 2017-4220-00-17064-030P-00 | \$ 6,833 | \$ - |
| School Breakfast Program | 10.553 | ISBE | 2018-4220-00-17064-030P-00 | 1,797 | - |
| <i>Total 10.553</i> | | | | <u>8,630</u> | <u>-</u> |
| National School Lunch Program | 10.555 | ISBE | 2017-4210-00-17064-030P-00 | 10,778 | - |
| National School Lunch Program | 10.555 | ISBE | 2018-4210-00-17064-030P-00 | 2,804 | - |
| National School Lunch Program (Noncash); ISBE Lanter Commodities | 10.555 | ISBE | ISBE Lanter Commodities | 2,371 | - |
| <i>Total 10.555</i> | | | | <u>15,953</u> | <u>-</u> |
| Summer Food Service Program for Children; Summer Food Facilities Inspections | 10.559 | DPH | 55280031C | 600 | - |
| <i>Total Child Nutrition Cluster</i> | | | | <u>25,183</u> | <u>-</u> |
| Special Supplemental Nutrition Program for Women, Infants, and Children (Noncash) | 10.557 | DHS | N/A | 879,032 | - |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | DHS | FCSVQ1064 | 243,034 | - |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | DHS | FCSWQ1064 | 213,677 | - |
| <i>Total 10.557</i> | | | | <u>1,335,743</u> | <u>-</u> |
| WIC/Farmer's Market Nutrition Program; Admin | 10.572 | DHS | WIC/Farmer's Market - Admin | 1,000 | - |
| Total U.S. Department of Agriculture | | | | <u>1,361,926</u> | <u>-</u> |
| U.S. Department of Justice | | | | | |
| Crime Victim Assistance; Law Enforcement Prosecutor Based Victim Assistance | 16.575 | CJA | 215236 | 34,389 | - |
| Crime Victim Assistance; Law Enforcement Prosecutor Based Victim Assistance | 16.575 | CJA | 215236 | 12,768 | - |
| Crime Victim Assistance; Child Advocacy Center Services | 16.575 | CJA | 216002 | 72,114 | - |
| Crime Victim Assistance; Child Advocacy Center Services | 16.575 | CJA | 215307 | 20,794 | - |
| Crime Victim Assistance; Child Advocacy Child Abuse | 16.575 | CJA | 215049 | 103,668 | - |
| <i>Total 16.575</i> | | | | <u>243,733</u> | <u>-</u> |
| Edward Byrne Memorial Justice Assistance Grant Program: Multi Jurisdictional Narcotics Unit (Task Force 6) | 16.738 | CJA | 411320 | 51,285 | 51,285 |
| Total U.S. Department of Justice | | | | <u>295,018</u> | <u>51,285</u> |
| U.S. Department of Transportation | | | | | |
| Formula Grants for Rural Areas; Section 5311 Operating Assistance Grant; ShowBus pass-thru | 20.509 | DOT | IL-2016-034 #4703 | 184,389 | 184,389 |
| Formula Grants for Rural Areas; Section 5311 Operating Assistance Grant; ShowBus pass-thru | 20.509 | DOT | IL-2017-037 #4813 | 325,909 | 325,909 |
| <i>Total 20.509</i> | | | | <u>510,298</u> | <u>510,298</u> |
| Total U.S. Department of Transportation | | | | <u>510,298</u> | <u>510,298</u> |

MCLEAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

| Grantor Agency / Program Title | Federal CFDA Number | Passed Through Agency | Grantor's Identifying Number | Federal Expenditures | Payments to Subrecipients |
|--|---------------------------|-----------------------------|------------------------------------|-------------------------|---------------------------------|
| U.S. Environmental Protection Agency | | | | | |
| Performance Partnership Grant; Non-Community Water Grant | 66.605 | DPH | N/A | \$ 1,413 | \$ - |
| Total U.S. Environmental Protection Agency | | | | <u>1,413</u> | <u>-</u> |
| U.S. Department of Commerce | | | | | |
| Band 14 Incumbent Spectrum Relocation Grant | 11.014 | EMA | 16RELOMCLE | 871,305 | - |
| Total U.S. Department of Commerce | | | | <u>871,305</u> | <u>-</u> |
| U.S. Department of Health and Human Services | | | | | |
| Medical Reserve Corps Small Grant Program | 93.008 | NACCHO | MRC 13-0321 | 14,816 | - |
| Public Health Emergency Preparedness; Bioterrorism Training and Curriculum Development Program | 93.069 | DPH | 77180061E | 69,750 | - |
| Public Health Emergency Preparedness; Bioterrorism Training and Curriculum Development Program | 93.069 | DPH | 87180061F | 47,418 | - |
| Total 93.069 | | | | <u>117,168</u> | <u>-</u> |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance; Administration (SAMHSA) | 93.243 | N/A | 5H79TI023631-03 | 321,031 | - |
| Immunization Cooperative Agreements; Commodities | 93.268 | DPH | Non-cash | 491,061 | - |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance; Chronic Disease - Asthma Program Grant | 93.283 | DPH | 73283007E | 3,476 | - |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance; Chronic Disease - Asthma Program Grant | 93.283 | DPH | 83283007F | 734 | - |
| Total 92.283 | | | | <u>4,210</u> | <u>-</u> |
| Child Support Enforcement - Title IV - D; States Attorney | 93.563 | DHFS | 2017-55-013-K | 80,412 | - |
| Child Support Enforcement - Title IV - D; States Attorney | 93.563 | DHFS | 2017-55-013-K | 95,504 | - |
| Child Support Enforcement - Title IV - D; Circuit Court | 93.563 | DHFS | 2015-55-007-KK | 5,350 | - |
| Child Support Enforcement - Title IV - D; Circuit Court | 93.563 | DHFS | 2018-55-007-KM | 4,310 | - |
| Total 93.563 | | | | <u>185,576</u> | <u>-</u> |
| Medical Assistance Program (Federal Financial Participation) | 93.778 | DHFS | Fund 0109 | 206,902 | - |
| Total Medicaid Cluster | | | | <u>206,902</u> | <u>-</u> |
| HIV Prevention Activities - Health Dept. Based | 93.940 | CUPHD | 17-75-03 | 49,970 | - |
| Maternal and Child Health Services Block Grant to States | 93.994 | DHFS | FCSVU03046 | 192,800 | - |
| Maternal and Child Health Services Block Grant to States | 93.994 | DHFS | FCSWU03046 | 195,620 | - |
| Maternal and Child Health Services Block Grant to States; Dental Sealant | 93.994 | DPH | 73489023E | 8,753 | - |
| Maternal and Child Health Services Block Grant to States; Dental Sealant | 93.994 | DPH | 83489022F | 2,690 | - |
| Total 93.994 | | | | <u>399,863</u> | <u>-</u> |
| National All Scheduled Prescription Electronic Reporting Grant | | | | | |
| Quitline Grant | 93.975 | DPH | 73281060E-1 | 75,008 | - |
| Total U.S. Department of Health and Human Services | | | | <u>1,865,605</u> | <u>-</u> |
| U.S. Department of Homeland Security | | | | | |
| Emergency Management Performance Grants; State and Local Assistance | 97.042 | EMA | 16EMAMCLEA | 38,494 | - |
| Emergency Management Performance Grants; State and Local Assistance | 97.042 | EMA | 17EMAMCLEA | 13,220 | - |
| Total 97.042 | | | | <u>51,714</u> | <u>-</u> |
| Total U.S. Department of Homeland Security | | | | <u>51,714</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 4,957,279</u> | <u>\$ 561,583</u> |

MCLEAN COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended December 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of McLean County, Illinois and its discretely presented component unit, the Emergency Telephone Systems Board, under programs of the federal government for the year ended December 31, 2017. 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 McLean County it is not intended to and does not present the financial position, changes in net position or cash flows of McLean County, Illinois.

The reporting entity for McLean County is based upon criteria established by the Governmental Accounting Standards Board. McLean County is the primary government according to GASB criteria, while the Public Building Commission of McLean County (Public Building Commission) is a component unit. Federal awards, if any, received directly by the Public Building Commission are not included in this report since the Public Building Commission has been audited by other auditors and those amounts are reported in a separate report.

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, 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 – INDIRECT COST RATE

Although eligible for, McLean County has not elected to use the 10% de minimis indirect cost rate.

MCLEAN COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended December 31, 2017

NOTE 4 – PASSED THROUGH AGENCY

Below is the key for the Passed through Agency acronyms that are presented on the schedule.

| | | |
|--------|---|--|
| DHS | = | Illinois Department of Human Services |
| ISBE | = | Illinois State Board of Education |
| DPH | = | Illinois Department of Public Health |
| CJA | = | Illinois Criminal Justice Information Authority |
| DOT | = | Illinois Department of Transportation |
| EMA | = | Illinois Emergency Management Agency |
| DHFS | = | Illinois Department of Healthcare and Family Services |
| CUPHD | = | Champaign-Urbana Public Health District |
| NACCHO | = | National Association of County and City Health Officials |
| N/A | = | Not applicable, Direct Award |

MCLEAN COUNTY, ILLINOIS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017**

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 deficiencies identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

FEDERAL AWARDS

Internal control over federal award programs:

- > Material weakness(es) identified? yes X no
- > Significant deficiencies identified? X yes none reported

Type of auditor’s report issued on compliance of federal award programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?

 X yes no

Auditee qualified as low-risk auditee?

 X yes no

Identification of major federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Programs</u> |
|---------------------|--|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants and Children |
| 11.014 | Band 14 Incumbent Spectrum Relocation Grant |

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

\$ 750,000

MCLEAN COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

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

No financial statements findings required to be reported.

MCLEAN COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS

| | |
|-------------------------------|---|
| Finding No. | 2017-001 |
| CFDA No. | 11.014 |
| Identifying Number: | 16RELOMCLE |
| Program Title: | Band 14 Incumbent Spectrum Relocation Grant |
| Federal Agency: | U.S. Department of Commerce |
| Pass-through Agency: | Illinois Emergency Management Agency |
| Criteria: | Per 2 CFR 200.303, "The non-Federal entity must...establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." |
| Condition: | There is no documented review or approval of the County's performance reports for this program by an employee who is not the preparer. |
| Context: | The County did not have a review or approval process in place for the quarterly performance reports. |
| Effect: | The County could submit inaccurate performance reports. |
| Questioned Costs: | N/A |
| Recommendation: | The County should assign an employee who is not the preparer of the report to review and approve the quarterly performance reports. |
| Management's Response: | The County will ensure that all future performance reports will be reviewed by someone other than the preparer. The reports will be signed/initialed by both the preparer and the reviewer. |