

Rock Island County, Illinois

Compliance Report
November 30, 2016

Schedule of Expenditures of Federal Awards for the Year Ended
November 30, 2016 and Independent Auditor's Reports in Accordance
with the Uniform Guidance

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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***

RSM US LLP

Independent Auditor's Report

To the County Board of
Rock Island County, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Island County, Illinois (the County), as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 16, 2017. Our report includes a reference to other auditors who audited the financial statements of Rock Island Tri-County Consortium, the discretely presented component unit, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

The financial statements of the Public Building Commission and Forest Preserve Commission, blended component units, which were audited by other auditors, 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's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* as finding 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County'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.

RSM US LLP

Davenport, Iowa
May 16, 2017

**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
the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

To the County Board of
Rock Island County, Illinois

Report on Compliance for Each Major Federal Program

We have audited Rock Island County, Illinois' (the County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended November 30, 2016. The 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the compliance with the requirements of laws, regulations, contracts and grant agreements to its major federal program of the discretely presented component unit, Rock Island County Tri-County Consortium, whose statements reflect \$2,671,447 of expenditures of federal awards for the year ended June 30, 2016 which were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on compliance with the requirements of laws, regulations, contracts and grant agreements to its major federal programs, insofar as it relates to the amounts included for the component unit, is based solely upon the report of the other independent auditors.

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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the report of other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit report and the report of other auditors, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2016.

Report on Internal Control Over Compliance

Management of the 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 the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 16, 2017, which contained an unmodified opinion on those financial statements. Our report included reference to other auditors. We did not audit the financial statements of the blended component units, the Forest Preserve Commission and Public Building Commission, or the discretely presented component unit, Rock Island Tri-County Consortium, whose statements reflect none, none and \$2,671,447, respectively, of expenditures of federal awards for the year ended June 30, 2016. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component units, is based solely upon the reports of the other auditors.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 by us and other auditors. In our opinion based on our audit, the procedures performed as described above, and the report of other auditors, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Davenport, Iowa
May 16, 2017

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards Year Ended November 30, 2016

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
(Passed through Illinois Department of Public Health):				
Oral Health Dental Sealants Only	93.994	73489028E	\$ -	\$ 9,070
Oral Health Dental Sealants Only	93.994	63480134D	-	8,673
SSBG - School Based Linked Health Centers - Public Health	93.994	66380036D	-	47,866
Family Planning - Public Health	93.994	66180068D	-	1,277
Subtotal			-	<u>66,886</u>
Refugee Health Services Administration	93.566	70180030E	-	20,599
Refugee Health Services Administration	93.566	60180004D	-	34,860
Subtotal			-	<u>55,459</u>
Public Health Emerg Prepare & Response	93.074	77180075E	-	54,098
Public Health Emerg Prepare & Response	93.074	67180075D	-	59,580
Preparedness for Ebola Virus Disease	93.074	67180180D	-	19,778
Subtotal			-	<u>133,456</u>
Breast & Cervical Cancer Early Detection	93.752	76180023E	10,415	36,693
Breast & Cervical Cancer Early Detection	93.752	66180024D	11,480	44,476
Subtotal			21,895	<u>81,169</u>
Illinois Immunization Program - Vaccines for Children	93.268	Non-Cash	-	<u>116,149</u>
Family Planning - Public Health	93.217	66180068D	-	20,424
Family Planning - Public Health	93.217	76180066E	-	41,463
Subtotal			-	<u>61,887</u>
Family Planning - Public Health	93.667	66180068D	-	<u>38,152</u>
Total Illinois Department of Public Health			21,895	<u>553,158</u>
(Passed through Illinois Department of Human Services):				
Refugee Health Services Grant	93.566	FCSVK01345	-	46,970
Refugee Health Services Grant	93.566	FCSUK01345	-	49,682
Total Illinois Department of Human Services			-	<u>96,652</u>
(Passed through Illinois Department of Healthcare and Family Services):				
Medicaid Match - Local Health	93.778	None	-	<u>4,583</u>
Key Information Delivery System	93.563	2017-55-007-KP	-	11,810
Key Information Delivery System	93.563	2016-55-007-KP	-	24,587
Subtotal			-	<u>36,397</u>
Total Illinois Department of Healthcare and Family Services			-	<u>40,980</u>
(Passed through National Association of County and City Health Officials):				
Medical Reserve Corps Units	93.008	MRC 16 0998	-	11,573
Total U.S. Department of Health and Human Services			21,895	702,363

(Continued)

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2016

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
(Passed through the City of Moline), Lead Based Paint Hazard Control Grant	14.900	None	-	16,007
U.S. Environmental Protection Agency				
(Passed through Illinois Department of Public Health):				
Safe Drinking Water	66.605	75380178E	-	858
Safe Drinking Water	66.605	65380192D	-	3,938
Total U.S. Environmental Protection Agency			-	4,796
U.S. Department of Agriculture				
(Passed through Illinois Department of Human Services):				
Supplemental Nutrition - Women Infant Child	10.557	FCSUQ01087	-	329,064
Supplemental Nutrition - Women Infant Child	10.557	FCSVQ01087	-	284,686
Supplemental Nutrition - Women Infant Child	10.557	Non-Cash	-	2,023,369
Subtotal			-	2,637,119
Supplemental Nutrition - Farmers Market	10.572	FCSVQ01252	-	1,000
WIC Farmers' Market Nutrition Program	10.572	Non-Cash	-	21,000
Subtotal			-	22,000
Total Illinois Department of Human Services			-	2,659,119
(Passed through Illinois Public Health Association):				
Child Adult Care Food Program	10.558	55280069C	-	840
(Passed through Illinois Department of Public Health):				
Summer Food Inspection Program	10.559	55280036C	-	2,600
Total U.S. Department of Agriculture			-	2,662,559
U.S. Department of Homeland Security				
(Passed through Illinois Emergency Management Agency):				
Emergency Management Performance Grant	97.042	15EMAROCKI	-	39,285
Hazard Mitigation Grant Program #1800	97.039	FEMA-DR-1800-IL	-	161,758
Hazard Mitigation Grant Program #4116	97.039	FEMA-DR-4116-IL	-	10,092
Subtotal			-	171,850
Port Security Grant Program	97.056	EMW-2015-PU-00067	-	24,999
Total U.S. Department of Homeland Security			-	236,134

(Continued)

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2016

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
(Passed through Illinois Department of Transportation):				
DTOA Downstate Public Transportation Operating Assistance Grant	20.509	OP-16-34-FED	55,269	55,269
(Passed through Illinois Emergency Management Agency):				
Hazardous Materials Emergency Preparedness Planning Grant	20.703	15ROCKIHME	-	2,751
Total U.S. Department of Transportation			55,269	58,020
U.S. Bureau of Justice Assistance (Direct)				
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0187	-	1,571
State Criminal Alien Assistance Program	16.606	None	-	4,773
State Criminal Alien Assistance Program	16.606	None	-	8,744
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0584	-	10,483
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0290	-	7,781
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0822	-	4,257
Total U.S. Bureau of Justice Assistance			-	37,609
U.S. Department of Justice (Direct)				
Edward Byrne Justice Assistance Grant 2015	16.738	2015-DJ-BX-0066	3,108	3,108
Edward Byrne Justice Assistance Grant 2016	16.738	2016-DJ-BX-0077	26,103	26,103
Subtotal			29,211	29,211
(Passed through Illinois Criminal Justice Information Authority):				
Expanding Multi-Jurisdictional Narcotics Units	16.738	414010	25,516	25,516
Total U.S. Department of Justice			54,727	54,727
U.S. Department of Labor				
(Passed through Illinois Department of Commerce and Economic Opportunity)				
Trade and Globalization Adjustment and Assistance Act	17.245	None	-	378,318
WIOA National Dislocated Worker Grants	17.277	None	-	45,852
WIA Cluster:				
WIA Adult Program	17.258	None	-	343,558
WIA Youth Activities	17.259	None	-	570,695
WIA Dislocated Workers	17.278	None	-	1,333,024
Subtotal			-	2,247,277
Total U.S. Department of Labor			-	2,671,447
Total Expenditures of Federal Awards			\$ 131,891	\$ 6,443,662

See notes to schedule of expenditures of federal awards.

Rock Island County, Illinois

Notes to Schedule of Expenditures of Federal Awards **Year Ended November 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rock Island County, Illinois (County) and its discretely presented component unit and is presented on the modified accrual basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. 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 for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

The accompanying schedule of federal awards is presented on the modified accrual basis of accounting. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement. 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.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 4. Component Unit

The amounts included on the schedule of expenditures of federal awards for CFDA Nos. 17.245, 17.277, 17.258, 17.259 and 17.278 are expenditures for the period July 1, 2015 through June 30, 2016. The County is the grantee of such funds which are administered and expended by the Rock Island Tri-County Consortium, a discretely presented component unit of the County that has a June 30 fiscal year-end. The Consortium and its compliance with its federal programs is audited by other independent auditors.

Note 5. Total Federal Expenditures by Program

The following is the total by program which includes funding from multiple pass throughs:

Program Title	Federal CFDA Number	Total
Refugee Health Services Grant	93.566	\$ 152,111

Rock Island County, Illinois**Summary Schedule of Prior Audit Findings**
Year Ended November 30, 2016

Number	Comment	Status	Corrective Action or Other Explanation
Findings Related to Financial Statements:			
Significant Deficiencies in Internal Control			
2015-01	The County does not have adequate procedures in place to ensure estimated general liability claims payable is properly recorded at year-end.	Corrected	
2015-02	The County's process of estimating allowance for doubtful accounts receivable did not take into account the large amount of receivable balances that were written off after year-end.	Corrected	
2015-03	The Rock Island County, Illinois Animal Control Facility had an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.	Not Corrected	See response and corrective action plan at 2016-001.
2015-04	The Consortium has improper segregation of duties of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements.	Corrected	
Findings and Questioned Costs for Federal Awards:			
Significant Deficiencies in Internal Control			
2015-05	The Consortium has improper segregation of duties of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements.	Corrected	

Rock Island County, Illinois

Schedule of Findings and Questioned Costs Year Ended November 30, 2016

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
<hr/>	
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
10.557	Supplemental Nutrition - Women Infant Child

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2016

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

2016-001

Finding: The Rock Island County, Illinois Animal Control facility has an inadequate segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The operations manager has the ability to collect cash, issue receipts, monitor the receipt number sequence, reconcile the daily receipts, prepare the deposit and prepare daily reconciliation sheet used by the Treasurer's Office to post the receipt transactions. In addition, the same personnel has access to the cash collected for animal control tags, the listing of the tags collected and performs the reconciliation of the animal control tags issued to cash collections.

Cause: Limited staff in the animal control department.

Effect: Transaction errors or misappropriation of assets could occur and not be detected in a timely manner.

Report finding: This is a repeat of finding 2015-003.

Recommendation: We recommend segregating the duties of collecting from reconciling and reconciling from recording of the fees to prevent mismanagement of cash collected for animal control fees.

Response and corrective action plan: Due to the low available staff, segregation of duties is very difficult. The Auditor's Office performed an in-depth review of cash collection processes at the Animal Control facility during fiscal years 2012 and 2011 and noted that although the Operations Manager has the ability to handle an entire cash receipt transaction, she rarely does so. The County Board has approved the expansion of work hours for the clerical staff at the facility. With these additional available man-hours, the occasion for the Operations Manager to receive payments was reduced but not eliminated.

B. Instances of Noncompliance

No matters reported.

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2016

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

No matters reported.

B. Instances of Noncompliance

No matters reported.

Rock Island County, Illinois

Corrective Action Plan
Year Ended November 30, 2016

Comment Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Findings Related to Financial Statements:

Significant Deficiency in Internal Control

2016-001	The Rock Island County, Illinois Animal Control Facility had an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.	See Response and Corrective Action Plan at 2016-001.	None	County Auditor
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