

**ROCK COUNTY**

Janesville, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2018

# ROCK COUNTY

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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  
Rock County  
Janesville, Wisconsin

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, each major fund, and the aggregate remaining fund information of Rock County, Wisconsin as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Rock County's basic financial statements, and have issued our report thereon dated July 31, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rock 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 Rock County's internal control. Accordingly, we do not express an opinion on the effectiveness of Rock 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rock 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*.

## **Rock County's Response to Finding**

Rock County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Rock 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 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*

Madison, Wisconsin  
July 31, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

INDEPENDENT AUDITORS' REPORT

To the County Board  
Rock County  
Janesville, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

We have audited Rock County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Rock County's major federal and major state programs for the year ended December 31, 2018. Rock County's major federal and major state programs are 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Rock County's major federal and major state 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; 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); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance and the *State Single Audit Guidelines* 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 or a major state program occurred. An audit includes examining, on a test basis, evidence about Rock 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 and major state program. However, our audit does not provide a legal determination of Rock County's compliance.

### ***Opinion on Each Major Federal and Major State Program***

In our opinion, Rock 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 and major state programs for the year ended December 31, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003. Our opinion on each major federal and major state program is not modified with respect to these matters.

### **Rock County's Response to Findings**

Rock County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rock 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.

### **Report on Internal Control Over Compliance**

Management of Rock 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 Rock County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or major state 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 and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, 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 Rock 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 or state 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 or state 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 or state 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003, that we consider to be significant deficiencies.

## Rock County's Response to Findings

Rock 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. Rock County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## 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 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *State Single Audit Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rock County, Wisconsin as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Rock County's basic financial statements. We issued our report thereon dated July 31, 2019, 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. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
September 27, 2019

**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass-through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS</b>					
<b>U. S. Department of Agriculture</b>					
Child Nutrition Cluster					
School Breakfast Program	10.553	DPI	Unknown	\$ 11,698	\$ -
National School Lunch Program	10.555	DPI	Unknown	<u>20,078</u>	<u>-</u>
Total Child Nutrition Cluster				<u>31,776</u>	<u>-</u>
SNAP Cluster					
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	CARS 61, 284	<u>717,320</u>	<u>-</u>
Total SNAP Cluster				<u>717,320</u>	<u>-</u>
WIC Grants to State - Senior Farmers Market Nutrition Program	10.578	N/A	Unknown	<u>12,200</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>761,296</u>	<u>-</u>
<b>U.S. Department of Transportation</b>					
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT	Unknown	<u>55,138</u>	<u>-</u>
Total Transit Services Programs Cluster				<u>55,138</u>	<u>-</u>
Highway Safety Cluster					
State and Community Highway Safety	20.600	Beloit PD	Unknown	9,886	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Janesville PD	Unknown	20,624	-
Occupant Protection Incentive Grants	20.602	DOT	Unknown	<u>46,059</u>	<u>-</u>
Total Highway Safety Cluster				<u>76,569</u>	<u>-</u>
Total U.S. Department of Transportation				<u>131,707</u>	<u>-</u>
<b>U.S. Department of Education</b>					
Special Education-Grants for Infants and Families	84.181	DHS	CARS 550	<u>165,618</u>	<u>-</u>
Total U.S. Department of Education				<u>165,618</u>	<u>-</u>
<b>U. S. Department of Health and Human Services</b>					
Special Programs for the Aging_ Title III, Part D Aging Cluster	93.043	DHS	GWAAR-2018	9,590	-
Special Programs for the Aging_ Title III, Part B	93.044	GWAAR	GWAAR-2018	129,605	-
Special Programs for the Aging_ Title III, Part C	93.045	GWAAR	GWAAR-2018	212,037	-
Nutrition Services Incentive Program	93.053	GWAAR	GWAAR-2018	<u>47,937</u>	<u>-</u>
Total Aging Cluster				<u>389,579</u>	<u>-</u>
National Family Caregiver Support, Title III, Part E	93.052	DHS	GWAAR-2018	75,008	-
Public Health Emergency - Bioterrorism Preparedness	93.069	DHS	CARS 155015, CARS 155050	139,152	-
Environmental Public Health and Emergency Response	93.070	DHS	CARS 155072, 155078	19,828	-
Medicare Enrollment Assistance Program	93.071	GWAAR	GWAAR-2018	11,220	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	DOA	CARS 533601	91,597	-
State Health Insurance Assistance Program	93.324	GWAAR	GWAAR-2018	4,308	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health funds	93.733	DHS	CARS 155020	38,220	-
Promoting Safe and Stable Families	93.556	DCF	SPARC 3306	57,103	-

See accompanying notes to schedule of expenditures of federal and state awards.



**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass-through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U. S. Department of Health and Human Services (cont.)</b>					
TANF Cluster					
Temporary Assistance for Needy Families	93.558	DHS	CARS 561, 3612, 3612A	\$ 591,039	\$ -
Total TANF Cluster				<u>591,039</u>	<u>-</u>
Child Support Enforcement	93.563	DCF	SPARC 7477, 7482, 7506, 7616, 7903	2,349,191	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	AD1599972.53	269,525	269,525
CCDF Cluster					
Child Care and Development Block Grant	93.575	DCF	SPARC 831, 840, 852	482,777	-
Total CCDF Cluster				<u>482,777</u>	<u>-</u>
Grants to States for Access and Visitation Programs	93.597	DCF	SPARC 7332	77,385	-
Adoption and Legal Guardianship Incentive Payments	93.603	DCF	SPARC 3394A	3,053	-
Preventive Health and Health Services Bolck Grant	93.758	DHS	CARS 155800, 159220	21,360	-
Child Welfare Service Grants - State Grants	93.645	DCF	SPARC 3413, 3561, 3681 SPARC 3344A, 3344B, 3354A, 3396, 3413, 3554,	158,053	-
Foster Care - Title IV-E	93.658	DCF	3561, 3681	1,567,598	-
Adoption Assistance	93.659	DCF	SPARC 3574	6,481	-
Social Services Block Grant	93.667	DHS	CARS 561	782,482	-
Children's Health Insurance Program	93.767	DHS	CARS 284	87,232	-
Medicaid Cluster					
Medical Assistance Program	93.778	DHS	CARS 62, 284, 881, 159322, 560081, 560087, 560091, 560097, 560152, 560155	1,855,983	-
Medical Assistance Program - WIMCR	93.778	DHS	Unknown	1,587,342	-
Medical Assistance Program - CLTS	93.778	DCF	Unknown	3,029,407	-
Total Medicaid Cluster				<u>6,472,732</u>	<u>-</u>
Opiod State Targeted Response Waitlist	93.788	DHS	CARS 533118	167,300	-
Block Grants for Community Mental Health Services	93.958	DHS	CARS 515, 569	96,738	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	CARS 515, 570, 576, 579, 589	609,904	-
Maternal and Child Health Services Block Grant	93.994	DHS	CARS 159320, 159322	64,646	-
Total U.S. Department of Health and Human Services				<u>14,643,101</u>	<u>269,525</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass-through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>Office of National Drug Control Policy</b>					
High Intensity Drug Trafficking Areas Program	95.001	Milwaukee HIDTA	G17ML0016A	\$ 59,653	\$ -
Total Office of National Drug Control Policy				<u>59,653</u>	<u>-</u>
<b>U. S. Department of Homeland Security</b>					
Hazard Mitigation Grant	97.039	DMA	PDMC-PL-05-WI-2014-010	89,672	-
Total U.S Department of Homeland Security				<u>89,672</u>	<u>-</u>
<b>TOTAL FEDERAL PROGRAMS</b>				\$ 15,851,047	\$ 269,525

See accompanying notes to schedule of expenditures of federal and state awards.

**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS</b>			
<b>Wisconsin Department of Agriculture, Trade and Consumer Protection</b>			
Clean Sweep	115.040	\$ 13,412	\$ -
County Staff and Support	115.150	163,347	-
Land and Water Resource Management	115.400	168,543	-
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		<u>345,302</u>	<u>-</u>
<b>Wisconsin Department of Public Instruction</b>			
Public Library Systems Aid	255.002	453,212	-
Total Wisconsin Department of Public Instruction		<u>453,212</u>	<u>-</u>
<b>Wisconsin Department of Natural Resources</b>			
Recreational Aids - Snowmobile Trail and Area	370.485	88,592	-
Wildlife Damage Control and Abatement	370.553	6,022	-
Snowmobile Enforcement	370.XXX	9,700	-
Water Patrol	370.XXX	31,813	-
Transient Non-Community Well Program	370.XXX	18,210	-
Total Wisconsin Department of Natural Resources		<u>154,337</u>	<u>-</u>
<b>Wisconsin Department of Transportation</b>			
Elderly and Handicapped County Aids	395.101	418,700	-
Total Wisconsin Department of Transportation		<u>418,700</u>	<u>-</u>
<b>Wisconsin Department of Health Services</b>			
HIV Prev PS & Linkages	435.155947	3,716	-
Cons Contracts CHHD LD	435.157720	24,705	-
Communicable Disease Control and Protection	435.155800	10,351	-
Cons Contracts MCH	435.159322	3,336	-
IMAA State Share	435.283	733,438	-
Adult Protective Services	435.312	184,253	-

See accompanying notes to schedule of expenditures of federal and state awards.

**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>			
<b>Wisconsin Department of Health Services (cont.)</b>			
Children's COP	435.377	\$ 264,818	\$ -
Coordinated Services County	435.515	49,679	-
Community Mental Health	435.516	821,034	-
Non-Resident Reimbursement	435.531	10,601	-
Birth to Three Initiative	435.550	162,537	-
Basic County Allocation	435.561	4,509,391	-
Treatment Alternative Program	435.576	43,205	-
FPI NON-FED	435.600	79,944	-
Basic County Allocation - State Match	435.681	628,030	-
CLTS Other CWA Admin GPR	435.877	165,252	-
IM REG PILOT Second 6MTHS	435.880	59,627	-
Projects for Assistance in Transition from Homelessness (PATH)	435.533601	4,904	-
Aging and Disability Resource Center	435.560100	934,500	-
ADRC Dementia Care proj	435.560158	71,178	-
Benefit Specialist County	435.560320	33,438	-
Senior Community Svs Prog	435.560330	11,335	-
Title 3C-1 Cong Meal Prog	435.560350	170,485	-
Title 3C-2 Home Meals	435.560360	16,422	-
ALZH Family Support Aging	435.560381	70,546	-
Pharmaceutical Program SPAP	435.560433	9,967	-
Elder Abuse Service	435.560490	56,400	-
Total Wisconsin Department of Health Services		<u>9,133,092</u>	<u>-</u>
<b>Wisconsin Department of Children and Families</b>			
Food Stamp Agency Collections Incentive	437.0965	65,328	-
AFDC Agency Incentives	437.0975	652	-
MA Agency Incentive	437.098	36,249	-
CW Kinship Care Program - Benefits	437.3377	613,844	-
CW Kinship Care Program - Assessment	437.338	37,746	-
JJ Community Intervention Program	437.341	122,342	-
JJ AODA	437.3411	59,794	-
JJ Early Intervention	437.3412	33,600	-
JJ Early Intervention - Youth Aids	437.3413	2,975,938	-
Basic County Allocation	437.3561	1,397,767	-

See accompanying notes to schedule of expenditures of federal and state awards.

**ROCK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>			
<b>Wisconsin Department of Children and Families (cont.)</b>			
Basic County Allocation Overmatch	437.3681	\$ 111,258	\$ -
Out-of-Home Care Placements for Sex Trafficked Youth	437.372	100,216	-
CW WSACWIS Annual Op Maint Fee	437.3935	(20,934)	-
PDS Partnership Fees	437.394	(7,253)	-
CS State GPR Funding/PR Funding Allocation	437.7502	278,358	-
CS Medical Support GPR Earned Federal Match	437.7606	12,334	-
Total Wisconsin Department of Children and Families		<u>5,817,239</u>	<u>-</u>
<b>Wisconsin Department of Justice</b>			
Treatment Alternatives and Diversion	455.239	125,000	-
Officer Training and Standards	455.279	26,720	-
Reimbursement for Victim Witness Assistance Program	455.503	192,221	-
Total Wisconsin Department of Justice		<u>343,941</u>	<u>-</u>
<b>Wisconsin Department of Military Affairs</b>			
Emergency Planning Grant	465.337	38,971	-
Emergency Government Response Equipment	465.367	7,877	-
Total Wisconsin Department of Military Affairs		<u>46,848</u>	<u>-</u>
<b>Wisconsin Department of Veterans Affairs</b>			
County Veterans Service Officer	485.001	13,000	-
Total Wisconsin Department of Veterans Affairs		<u>13,000</u>	<u>-</u>
<b>Wisconsin Department of Administration</b>			
Land Information Program	505.173	51,000	-
Public Benefits	505.371	150,806	150,806
Total Wisconsin Department of Administration		<u>201,806</u>	<u>150,806</u>
<b>TOTAL STATE PROGRAMS</b>		<u>\$ 16,927,477</u>	<u>\$ 150,806</u>
<b>TOTAL FEDERAL AND STATE PROGRAMS</b>		<u>\$ 32,778,524</u>	<u>\$ 420,331</u>

See accompanying notes to schedule of expenditures of federal and state awards.

# ROCK COUNTY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018

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### NOTE 1 – BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of Rock County, Wisconsin under programs of the federal and state government for the year ended December 31, 2018. 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) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of Rock County, it is not intended to and does not present the financial position, changes in net position or cash flows of Rock County.

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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.

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### NOTE 3 – PASS-THROUGH GRANTORS

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Federal funds have been passed through the following grantors:

DOT	Wisconsin Department of Transportation
DPI	Wisconsin Department of Public Instruction
DOA	Wisconsin Department of Administration
DHS	Wisconsin Department of Health Services
DCF	Wisconsin Department of Children and Families
DMA	Wisconsin Department of Military Affairs
Milwaukee HIDTA	High-Intensity Drug Trafficking Areas
GWAAR	Greater Wisconsin Agency on Aging Resources
Beloit PD	Beloit Police Department
Janesville PD	Janesville Police Department

## **ROCK COUNTY**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018**

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#### **NOTE 4 – CARS/SPARC REPORT DATES**

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The Schedule of Expenditures of Federal and State Awards includes adjustments through the following Community Aids Reporting System (CARS) reports dated June 1, 2019 and System for Payments and Reports of Contracts (SPARC) reports for December 2018.

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#### **NOTE 5 – INDIRECT COST RATE**

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Rock County has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

# ROCK COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### FINANCIAL STATEMENTS

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

       yes        X   no

#### FEDERAL OR STATE AWARDS

Internal control over major programs:

- |  | Federal Programs |                             | State Programs   |                             |
|--|------------------|-----------------------------|------------------|-----------------------------|
| > Material weakness(es) identified?  | <u>  </u> yes    | <u>  X  </u> no             | <u>  </u> yes    | <u>  X  </u> no             |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u>  X  </u> yes | <u>      </u> none reported | <u>  X  </u> yes | <u>      </u> 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 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

	Federal Programs		State Programs	
	<u>  X  </u> yes	<u>      </u> no	<u>  X  </u> yes	<u>      </u> no

Auditee qualified as low-risk auditee?

	Federal Programs		State Programs	
	<u>      </u> yes	<u>  X  </u> no	<u>      </u> yes	<u>  X  </u> no

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

	Federal		State	
			DHS	All Other
	\$	750,000	\$	484,856 \$ 250,000

Identification of major federal programs:

CFDA Number	Name of Federal Programs or Clusters
93.778	Medicaid Cluster - Medical Assistance Program



# ROCK COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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### SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

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#### *FEDERAL OR STATE AWARDS (cont.)*

Identification of major state programs:

<u>State Number</u>	<u>Name of State Programs</u>
395.101	Elderly and Handicapped County Aids
435.283	IMAA State Share
435.561, 435.681	Basic County Allocation
437.3561, 437.3681	Basic County Allocation
437.3377	CW Kinship Care Program - Benefits

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

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#### *FINDING 2018-001: INTERNAL CONTROL OVER FINANCIAL REPORTING*

##### *Material Journal Entries and Preparation of Financial Statements Repeat Finding 2017-001*

**Criteria:** According to Statement on Auditing Standards (SAS) AU-C Section 315, sufficient internal controls should be in place that provide for the preparation of reliable financial statements, including the schedule of expenditures of federal and state awards that are fairly presented in conformity with generally accepted accounting principles.

**Condition/Context:** Material journal entries were identified during the course of the audit. Also, we, as your auditors, prepared your annual financial statements.

**Cause:** County staff did not identify certain adjustments to the County's books, and the County contracted with the auditors to prepare the financial statements.

**Effect:** The financial statements did not contain all of the required disclosures and account balances prior to material changes by the auditors.

**Recommendation:** We recommend that the County put in place procedures in order to reduce the risk of material adjustments as well as determining if resources would be available to prepare a complete set of financial statements.

**Grantee's Response:** Due to budget constraints, it is unlikely the County will be in a position to hire additional staff. However, we are looking at the resources that we do have and how we can continue to reduce the number of material audit entries needed.

# ROCK COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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#### *FINDING 2018-002*

**Federal CFDA Numbers and Titles:** 93.778 Medical Assistance – Medicaid Cluster  
**Pass-through Entity:** Wisconsin Department of Health Services  
**Federal Grantor:** U.S. Department of Health and Human Services  
**Federal Award Number and Year:** IMAA: Contract 2018;  
ADRC:435100-G-18-12354-53-825, 2018

**State Program ID Numbers and Titles:** 435.561 Basic County Allocation  
435.681 Basic County Allocation – State Match  
435.283 IMAA State Share  
**State Grantor:** Wisconsin Department of Health Services (DHS)

**Criteria:** The DHS CARS Accounting Reports Manual requires agencies to submit expenditure reports on a monthly basis. In addition, 2 CFR 200.303 Internal Controls requires that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

**Condition/Context:** A sample of 3 monthly reports was selected. The November CARS reports were not submitted. Our sample was not statistically valid.

**Cause:** The County experienced staffing turnover in roles related to the preparation of CARS reports.

**Effect:** All required reports were not submitted.

**Questioned Costs:** None noted.

**Recommendation:** Rock County should develop a checklist of required report due dates to ensure all reports are submitted prior to the deadlines set by the state.

**Grantee's Response:** The County does have a checklist for these report due dates. However, due to staff turnover, it was decided to request reimbursement for the November expenses along with December.

#### *FINDING 2018-003*

**State Program ID Number and Title:** 395.101 Elderly and Handicapped County Aids  
**State Grantor:** Wisconsin Department of Transportation  
**State Award Number and Year:** N/A, 2018

**Criteria:** The grant agreement with the State requires the quarterly reports be submitted by the end of the subsequent month following the reporting period, and the annual report be submitted by March 31st of the following year.

**Condition/Context:** The 2nd quarter report and annual report were not submitted by the applicable due dates per the award agreement. This is not a statistically valid sample.

**Cause:** The County did not have the appropriate staffing and time available to review or submit the reports on a timely basis.

**Effect:** The reports were not properly submitted to the State by the required deadline.

# ROCK COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

**FINDING 2018-003 (CONT.)**

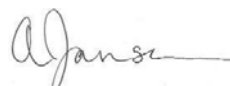
**Questioned Costs:** None noted.

**Recommendation:** We recommend that the County implements control procedures to ensure the annual report and quarterly reports are submitted by the deadlines set forth by the State.

**Grantee's Response:** Due to staff vacancies and resulting increased work load on remaining staff, these reports were not submitted on time. The staffing issues have been resolved.

### SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ yes      X   no
  
2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 

Department of Agriculture, Trade, and Consumer Protection	_____	yes	_____	<u>  X  </u>	no
Department of Public Instruction	_____	yes	_____	<u>  X  </u>	no
Department of Natural Resources	_____	yes	_____	<u>  X  </u>	no
Department of Transportation	<u>  X  </u>	yes	_____	_____	no
Department of Health Services	<u>  X  </u>	yes	_____	_____	no
Department of Children and Families	_____	yes	_____	<u>  X  </u>	no
Department of Justice	_____	yes	_____	<u>  X  </u>	no
Department of Military Affairs	_____	yes	_____	<u>  X  </u>	no
Department of Veterans Affairs	_____	yes	_____	<u>  X  </u>	no
Department of Administration	_____	yes	_____	<u>  X  </u>	no
  
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_   X   yes    \_\_\_\_\_ no
  
4. Name and signature of partner 
  
 Andrea Jansen, CPA, CFE, Partner
  
5. Date of report September 27, 2019