

WASHINGTON COUNTY

West Bend, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2017

WASHINGTON COUNTY

TABLE OF CONTENTS For the Year Ended December 31, 2017

| | |
|---|---------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 – 2 |
| 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 <i>State Single Audit Guidelines</i> | 3 – 5 |
| Schedule of Expenditures of Federal and State Awards | 6 – 13 |
| Notes to Schedule of Expenditures of Federal and State Awards | 14 – 15 |
| Schedule of Findings and Questioned Costs | 16 – 21 |

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 Members of the County Board
Washington County
West Bend, 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 Washington County, Wisconsin as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington 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 Washington County's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington 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 2017-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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*.

Washington County's Response to Finding

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

Milwaukee, Wisconsin
June 28, 2018

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 Members of the County Board
Washington County
West Bend, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited Washington 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 Washington County's major federal and major state programs for the year ended December 31, 2017. Washington 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 Washington 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 Washington 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 Washington County's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, Washington 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal and major state program is not modified with respect to this matter.

Washington County's Response to Finding

Washington County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Washington 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 Washington 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 Washington 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 Washington 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 2017-002 and 2017-003, that we consider to be significant deficiencies.

Washington County's Response to Findings

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

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 Washington County, Wisconsin as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements. We issued our report thereon dated June 28, 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. 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.



Milwaukee, Wisconsin
July 24, 2018

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | Federal CFDA Number | Pass- Through Agency | Pass-Through Agency/Federal ID No. | Expenditures |
|--|---------------------------|----------------------------|--|----------------|
| FEDERAL PROGRAMS | | | | |
| U. S. Department of Agriculture | | | | |
| SNAP Cluster | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | FDL Co | 61, 277, 284 | \$ 404,616 |
| Total SNAP Cluster | | | | <u>404,616</u> |
| Total U.S. Department of Agriculture | | | | <u>404,616</u> |
| U.S. Department of Housing and Urban Development | | | | |
| Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | DOA | N/A | <u>614,749</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>614,749</u> |
| U.S. Fish and Wildlife Service | | | | |
| Fish and Wildlife Management Assistance | | | | |
| Aquatic Invasive Species Education and Prevention Program | 15.608 | DNR | AEPP-404-13 | 7,531 |
| Aquatic Invasive Species Education and Prevention Program | 15.608 | DNR | AEPP-519-17 | <u>28,900</u> |
| Total U.S. Fish and Wildlife Service | | | | <u>36,431</u> |
| U.S. Department of Justice | | | | |
| Crime Victim Assistance/Discretionary Grants | | | | |
| VOCA Training Grant | 16.582 | DOJ | 15-5041-0-2-754 | 468 |
| Public Safety Partnership and Community Policing Grants | | | | |
| COPS Anti-Heroin | 16.710 | DOJ | N/A | 15,482 |
| COPS Anti-Methamphetamine | 16.710 | DOJ | N/A | <u>477</u> |
| Subtotal | | | | <u>15,959</u> |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | Federal CFDA Number | Pass- Through Agency | Pass-Through Agency/Federal ID No. | Expenditures |
|--|---------------------------|----------------------------|--|------------------|
| FEDERAL PROGRAMS (cont.) | | | | |
| U.S. Department of Justice (cont.) | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | DOA | 2015-DJ-01-11717 | \$ 4,758 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | DOA | 2016-DJ-01-12244 | 27,441 |
| Subtotal | | | | <u>32,199</u> |
| Total U.S Department of Justice | | | | <u>48,626</u> |
| U.S. Department of Transportation | | | | |
| Federal Transit Cluster | | | | |
| Federal Transit Formula Grants | | | | |
| Federal Transit Formula Operating Assistance Grants | 20.507 | DOT | WI-2017-031-00 | 982,060 |
| Federal Transit Formula Capital Assistance Grants | 20.507 | DOT | WI-90-X782-00 | 4,086 |
| Federal Transit Formula Capital Assistance Grants | 20.507 | DOT | WI-2017-011-01 | 8,470 |
| Congestion Mitigation and Air Quality (CMAQ) Improvement Program | 20.507 | DOT | WI-95-X036-00 | 18,652 |
| Subtotal | | | | <u>1,013,268</u> |
| Bus and Bus Facilities Formula Program | 20.526 | DOT | WI-2016-005-00 | 8,179 |
| Bus and Bus Facilities Formula Program | 20.526 | DOT | WI-2017-011-01 | 153,547 |
| Subtotal | | | | <u>161,726</u> |
| Total Federal Transit Cluster | | | | <u>1,174,994</u> |
| Interagency Hazardout Materials Public Sector Training and Planning Grants | 20.703 | DMA | 2015-HMEP-02-10872 | 5,950 |
| Interagency Hazardout Materials Public Sector Training and Planning Grants | 20.703 | DMA | 2016-HMEP-02-10823 | 6,400 |
| Subtotal | | | | <u>12,350</u> |
| Total U.S. Department of Transportation | | | | <u>1,187,344</u> |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | Federal CFDA Number | Pass- Through Agency | Pass-Through Agency/Federal ID No. | Expenditures |
|--|---------------------------|----------------------------|--|-------------------|
| FEDERAL PROGRAMS (cont.) | | | | |
| U.S. Environmental Protection Agency | | | | |
| Nonpoint Source Implementation Grants | | | | |
| Targeted Runoff Management Grant | 66.460 | DNR | TMD-UR-13-66000-15 | \$ 9,000 |
| Targeted Runoff Management Grant | 66.460 | DNR | TDM-TMD67000Y16 | <u>98,000</u> |
| Subtotal | | | | <u>107,000</u> |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | Direct | 00E01347 | <u>42,813</u> |
| Total U.S. Environmental Protection Agency | | | | <u>149,813</u> |
| U.S. Department of Education | | | | |
| Special Education-Grants for Infants and Families | 84.181 | DHS | 550 | <u>91,752</u> |
| Total U.S. Department of Education | | | | <u>91,752</u> |
| U. S. Department of Health and Human Services | | | | |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | GWAAR | 560510 | 4,961 |
| Aging Cluster | | | | |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | GWAAR | 560340 | 92,058 |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | GWAAR | 530350, 360360 | 192,455 |
| Nutrition Services Incentive Program | 93.053 | GWAAR | 560422 | <u>51,352</u> |
| Total Aging Cluster | | | | <u>335,865</u> |
| National Family Caregiver Support, Title III, Part E | 93.052 | GWAAR | 560520 | 42,956 |
| State Health Insurance Assistance Program | 93.324 | GWAAR | 560432 | 5,542 |
| Promoting Safe and Stable Families | 93.556 | DCF | 3306 | 48,826 |
| Low-Income Home Energy Assistance | 93.568 | DOA | AD1599973.66 | 67,914 |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | Federal CFDA Number | Pass- Through Agency | Pass-Through Agency/Federal ID No. | Expenditures |
|--|---------------------------|----------------------------|---|------------------|
| FEDERAL PROGRAMS (cont.) | | | | |
| U. S. Department of Health and Human Services (cont.) | | | | |
| TANF Cluster | | | | |
| Temporary Assistance for Needy Families | 93.558 | DCF | 561, 852, 3377, 3380, 3612 | \$ 529,847 |
| Total TANF Cluster | | | | <u>529,847</u> |
| Child Support Enforcement | 93.563 | DCF | 7477, 7482, 7506, 7558, 7615 | 797,194 |
| CCDF Cluster | | | | |
| Child Care and Development Block Grant | 93.596 | DCF | 831, 840, 852 | <u>112,517</u> |
| Total CCDF Cluster | | | | <u>112,517</u> |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | DCF | 3413, 3561, 3681 3344, 3354, 3354A, 3413, | 54,981 |
| Foster Care - Title IV-E | 93.658 | DCF | 3561, 3681 | 518,623 |
| Adoption Assistance | 93.659 | DCF | 3574 | 1,340 |
| Social Services Block Grant | 93.667 | DHS | 561 | 314,612 |
| Children's Health Insurance Program | 93.767 | FDL Co | 277, 284 | 53,026 |
| Medicaid Cluster | | | | |
| Medical Assistance Program | 93.778 | DHS | 872, 875, 560061, 560071, 560081, 560087, 560091 | 1,082,248 |
| Medical Assistance Program | 93.778 | DHS | N/A | 448,684 |
| Medical Assistance Program | 93.778 | GWAAR | 560029 | 8,078 |
| Medical Assistance Program | 93.778 | FDL Co | 62, 277, 284 | <u>549,380</u> |
| Total Medicaid Cluster | | | | <u>2,088,390</u> |
| Block Grants for Community Mental Health Services | 93.958 | DHS | 515, 569 | 45,179 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | DHS | 570 | <u>131,927</u> |
| Total U.S. Department of Health and Human Services | | | | <u>5,153,700</u> |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | Federal CFDA Number | Pass- Through Agency | Pass-Through Agency/Federal ID No. | Expenditures |
|--|---------------------------|----------------------------|--|---------------------|
| FEDERAL PROGRAMS (cont.) | | | | |
| U. S. Department of Homeland Security | | | | |
| Emergency Management Performance Grants | 97.042 | DMA | EMG-WI-2017-C8366 | \$ 56,393 |
| Emergency Management Performance Grants | 97.042 | DMA | EMG-WI-2018-C8366 | <u>18,489</u> |
| Subtotal | | | | <u>74,882</u> |
| Pre-Disaster Mitigation | 97.047 | DMA | PDMC-PL-05-WI-2014-002 | <u>27,225</u> |
| Total U.S. Department of Homeland Security | | | | <u>102,107</u> |
| TOTAL FEDERAL PROGRAMS | | | | <u>\$ 7,789,138</u> |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | State ID Number | Pass- Through Agency | Pass-Through Agency/State ID No. | Expenditures |
|--|--------------------|----------------------------|--|------------------|
| STATE PROGRAMS | | | | |
| Wisconsin Department of Agriculture, Trade and Consumer Protection | | | | |
| Clean Sweep | 115.04 | Direct | N/A | 13,805 |
| County Staff and Support | 115.15 | Direct | 9214-17-67-00 | 121,716 |
| Land and Water Resource Management | 115.40 | Direct | 9214-17-67-00 | 77,208 |
| Total Wisconsin Department of Agriculture, Trade, and Consumer Protection | | | | <u>212,729</u> |
| Wisconsin Department of Safety and Professional Services | | | | |
| Wisconsin Fund Private Sewage System Replacement or Rehabilitation Project | 143.110 | Direct | 201866 | <u>6,100</u> |
| Total Wisconsin Department of Safety and Professional Services | | | | <u>6,100</u> |
| Wisconsin Department of Natural Resources | | | | |
| County Snowmobile Enforcement | 370.552 | Direct | N/A | 6,649 |
| Wildlife Damage Claims and Abatement | 370.553 | Direct | N/A | 26,507 |
| Recreational Aids - Snowmobile Trail and Area | 370.485 | Direct | S-4771 | 46,300 |
| Recreational Aids - ATV Maintenance | 370.576 | Direct | ATV-3475 | 660 |
| Nonpoint Source Pollution Grant | 370.658 | Direct | USP67000Y16 | <u>(99)</u> |
| Total Wisconsin Department of Natural Resources | | | | <u>80,017</u> |
| Wisconsin Department of Transportation | | | | |
| Elderly and Handicapped County Aids | 395.101 | Direct | N/A | 290,285 |
| Transit Operating Aids | 395.104 | Direct | N/A | <u>996,134</u> |
| Total Wisconsin Department of Transportation | | | | <u>1,286,419</u> |
| Wisconsin Department of Health Services | | | | |
| IMAA State Share ACA CY | 435.276 | FDL Co | 276 | 21,979 |
| IMAA Fed Share ACA CY | 435.277 | FDL Co | 277 | 149 |
| IMAA State Share | 435.283 | FDL Co | 283 | 280,039 |
| IMAA Federal Share | 435.284 | FDL Co | 284 | 11,258 |
| Children's COP | 435.377 | Direct | 377 | 79,236 |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | State ID Number | Pass- Through Agency | Pass-Through Agency/State ID No. | Expenditures |
|--|--------------------|----------------------------|--|--------------|
| STATE PROGRAMS (cont.) | | | | |
| Wisconsin Department of Health Services (cont.) | | | | |
| Coordinated Services County | 435.515 | Direct | 515 | 60,088 |
| Community Mental Health | 435.516 | Direct | 516 | 229,643 |
| Birth to Three Initiative | 435.55 | Direct | 550 | 90,043 |
| Basic County Allocation | 435.561 | Direct | 561 | 1,797,394 |
| FPI Non-FED | 435.6 | FDL Co | 60 | 8,865 |
| Base County Allocation - State Match | 435.681 | Direct | 681 | 237,468 |
| CLTS Other GPR | 435.871 | Direct | 871 | 250,106 |
| CLTS Autism GPR | 435.874 | Direct | 874 | 116,746 |
| I&A EBS Ben Spec GPR | 435.560024 | GWAAR | 560024 | 26,115 |
| Aging & Dis Resource Ctr | 435.5601 | Direct | 560100 | 805,391 |
| ADRC MFP-NH Relocation | 435.560065 | Direct | 560065 | 40,000 |
| Adult Protective Services | 435.560312 | Direct | 560312 | 69,758 |
| Benefit Specialist County | 435.56032 | GWAAR | 560320 | 28,215 |
| EBS OCI Replacement | 435.560327 | GWAAR | 560327 | 8,078 |
| Senior Community Svs Prog | 435.56033 | GWAAR | 650330 | 7,290 |
| Title 3C-1 Cong Meal Prog | 435.56035 | GWAAR | 560350 | 46,308 |
| Title 3C-2 Home Meals | 435.56036 | GWAAR | 560360 | 7,284 |
| ALZH Family Support Aging | 435.560381 | GWAAR | 560381 | 47,089 |
| Elder Abuse Service | 435.560490 | GWAAR | 560490 | 23,633 |
| Total Wisconsin Department of Health Services | | | | 4,292,175 |
| Wisconsin Department of Children and Families | | | | |
| Food Stamp Agency Incentives | 437.0965 | Direct | 965 | 3,713 |
| AFDC Agency Incentives | 437.0975 | Direct | 975 | 1,755 |
| Medicaid Agency Incentives | 437.0980 | Direct | 980 | 3,973 |
| JJ Community Intervention Program | 437.3410 | Direct | 3410 | 104,283 |
| JJ AODA | 437.3411 | Direct | 3411 | 22,898 |
| JJ Early Intervention | 437.3412 | Direct | 3412 | 28,900 |
| JJ Youth Aids | 437.3413 | Direct | 3413 | 1,206,983 |
| Brighter Future Initiative | 437.3540 | Direct | 3540 | 116,002 |
| Basic County Allocation | 437.3561 | Direct | 3561 | 471,722 |
| Base County Allocation - State Match | 437.3681 | Direct | 3681 | 76,104 |
| CW WSACWIS Annual Op Maint Fee | 437.3935 | Direct | 3935 | (16,248) |
| PDS Partnership Fees | 437.3940 | Direct | 3940 | (5,996) |

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

WASHINGTON COUNTY

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

| Grantor Agency / Program Title | State ID Number | Pass- Through Agency | Pass-Through Agency/State ID No. | Expenditures |
|--|--------------------|----------------------------|--|---------------------|
| STATE PROGRAMS (cont.) | | | | |
| Wisconsin Department of Children and Families (cont.) | | | | |
| CS MSL Incentive Even FFY | 437.7332 | Direct | 7332 | \$ 33,461 |
| CS State GPR Funding/PR Funding Allocation | 437.7502 | Direct | 7502 | 103,038 |
| CS Medical Support GPR Earned Federal Match | 437.7606 | Direct | 7606 | 6,015 |
| CS Federal Parent Locator Services | 437.7903 | Direct | 7903 | <u>(2,496)</u> |
| Total Wisconsin Department of Children and Families | | | | <u>2,154,107</u> |
| Wisconsin Department of Justice | | | | |
| DNA Sampling | 455.221 | Direct | N/A | 7,460 |
| Treatment Alternatives and Diversion (TAD) | 455.279 | Direct | 2017-TD-01-12103 | 96,720 |
| Victim and Witness Assistance Program- A Program Cluster | 455.532 | Direct | 455-53200 | <u>82,762</u> |
| Total Wisconsin Department of Justice | | | | <u>186,942</u> |
| Wisconsin Department of Military Affairs | | | | |
| Emergency Planning Grant | 465.337 | Direct | N/A | 28,511 |
| Emergency Government Response Equipment | 465.367 | Direct | N/A | <u>8,110</u> |
| Total Wisconsin Department of Military Affairs | | | | <u>36,621</u> |
| Wisconsin Department of Administration | | | | |
| Land Information Program - Strategic Initiative Grant | 505.166 | Direct | N/A | 1,000 |
| Land Information Program - Land Information Grants | 505.166 | Direct | AD169119, AD179118 | 75,000 |
| Public Benefits | 505.371 | Direct | AD1599973.66 | <u>58,617</u> |
| Total Wisconsin Department of Administration | | | | <u>134,617</u> |
| TOTAL STATE PROGRAMS | | | | <u>\$ 8,389,727</u> |

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

WASHINGTON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state award activity of Washington County 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) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of Washington County, it is not intended to and does not present the financial position, changes in net position or cash flows of Washington County.

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 – CARS/SPARC REPORT DATES

The schedule of expenditures of federal and state awards includes adjustments through the June 1, 2018 Community Aids Reporting System (CARS) reports and the December 31, 2017 SPARC report.

WASHINGTON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2017

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – PASS-THROUGH AGENCIES

Washington County received federal or state awards from the following pass-through agencies:

| | |
|--------|---|
| DHS | Wisconsin Department of Health Services |
| DCF | Wisconsin Department of Children and Families |
| DOA | Wisconsin Department of Administration |
| DOT | Wisconsin Department of Transportation |
| FDL Co | Fond du Lac County, Wisconsin |
| GWAAR | Greater Wisconsin Agency on Aging Resources, Inc. |
| DMA | Wisconsin Department of Military Affairs |
| DNR | Wisconsin Department of Natural Resources |
| DOJ | Wisconsin Department of Justice |

WASHINGTON COUNTY

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

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued: 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:

| <i>Unmodified</i> | <i>Unmodified</i> |
|-------------------|-------------------|
|-------------------|-------------------|

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

| | |
|-----------------------------------|-----------------------------------|
| <u> X </u> yes <u> </u> no | <u> X </u> yes <u> </u> no |
|-----------------------------------|-----------------------------------|

Auditee qualified as low-risk auditee?

| | |
|-----------------------------------|-----------------------------------|
| <u> X </u> yes <u> </u> no | <u> X </u> yes <u> </u> no |
|-----------------------------------|-----------------------------------|

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

| Federal | State |
|-----------------|-----------------|
| \$ 750,000 | \$ 250,000 |

WASHINGTON COUNTY

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

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

Identification of major federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 20.507 | Federal Transit Cluster |
| 20.526 | Federal Transit Formula Grants |
| 93.563 | Bus and Bus Facilities Formula Program |
| | Child Support Enforcement |

Identification of major state programs:

| <u>State Numbers</u> | <u>Name of State Program</u> |
|----------------------|--|
| 435.561 / 681 | Basic County Allocation/State Match |
| 437.3413 | JJ Youth Aids |
| 437.7502 | CS State GPR Funding/PR Funding Allocation |

WASHINGTON COUNTY

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

FINDING 2017-001: INTERNAL CONTROL OVER BILLINGS AND RECEIVABLES

Criteria: According to Statement on Auditing Standards AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, sufficient internal controls should exist to prevent, or detect and correct, misstatements on a timely basis.

Condition: At the county nursing home, it was noted that the preparation of invoices, the collection of receipts related to these invoices, the monitoring of outstanding invoices and the reconciliation of the outstanding invoices to the general ledger is performed by a single individual. It was also noted that there is no review by someone other than this individual of the invoices prepared and issued and the reconciliation of the outstanding invoices to the general ledger.

Cause: The county does not have a properly designed system of internal control which includes policies and procedures to properly segregate duties related to billing and receivables at the county nursing home. This includes systems that are designed to limit the access or control of any one individual to certain assets or accounting records, and to achieve a higher likelihood that errors or irregularities in accounting processes would be discovered by staff in a timely manner.

Effect: Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body.

Recommendation: We recommend that a designated employee not involved with these activities review this individual's work and also review the segregation of duties and risks, and determine whether additional controls should be implemented.

Management's Response: The control deficiency was with one area of our nursing home billings (the Fields). We are implementing review procedures and controls similar to the other billing functions within the nursing home beginning in the second half of 2018.

WASHINGTON COUNTY

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

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

FINDING 2017-002

Federal CFDA Number and Title: 93.563 Child Support Enforcement
State ID Number and Title: 437.7502 CS State GPR Funding/PR Funding Allocation

Federal Award Numbers: 7477, 7482, 7506, 7558, 7615
State Award Number: 7502

Federal Grantor: U.S. Department of Health and Human Services
State Grantor: Wisconsin Department of Children and Families

Criteria: The Uniform Guidance and *State Single Audit Guidelines* require that local entities receiving federal and state awards establish and maintain internal control designed to reasonably ensure compliance with laws, regulations, and program compliance requirements. The Uniform Guidance and *State Single Audit Guidelines* further require auditors to obtain an understanding of the local entity's internal control over federal and state programs. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

Condition/Context: During our testing of three monthly SPARC reports, we noted they were not reviewed and approved by an independent person other than the preparer before submission for reimbursement. Further discussion with county personnel indicated that no SPARC reports submitted in 2017 were reviewed by someone other than the preparer. Our sample was not statistically valid.

Cause: The county does not have procedures in place requiring an independent person review the reports before submission.

Questioned Costs: None noted.

Effect: Reports could be submitted with errors.

Recommendation: We recommend the county formalize the monthly reporting process and assign the functions of preparation and review of those reports to separate people to ensure review and approval controls are in place for the SPARC reports submitted to the state.

Management's Response: Due to turnover in the department, the review function was not in place during 2017. Beginning in 2018 the finance department will review the monthly SPARC reports to the financial ledgers to ensure no errors in submission.

WASHINGTON COUNTY

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

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2017-003

State ID Number and Title: N/A General Requirements
State Grantor: Wisconsin Department of Health Services

Criteria: Program requirements as identified in the Department of Health Services General Requirements identify specific tests that auditors should perform related to provider contracts. Those procedures include verifying that payment for care and services do not exceed the amounts specified in the contracts.

Condition/Context: Out of 12 provider contracts tested, we identified one contract for which actual expenditures surpassed the original contract amount. The sample was not a statistically valid sample.

Cause: The county did not review the provider contract agreement and amend the contract when there was an increase in expenditures.

Questioned Costs: Actual expenditures exceeded the contracted amount by \$6,607.

Effect: The county could be overspending on provider contracts without the proper amendments.

Recommendation: We recommend internal review of procedures for ensuring provider contracts are amended as needed should there be a change in expenditures.

Management's Response: The noted contract was a rate-based contract based on services provided to the County. In 2017 the County began to include not-to-exceed amounts for these types of contracts as a budgetary control measure based on estimated spend with the provider. Beginning with the 2018 contracts, the County will review not-to-exceed contracts regularly to ensure contract amendments are completed timely.

WASHINGTON COUNTY

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

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 | <u> </u> yes | <u> X </u> no |
| Department of Natural Resources | <u> </u> yes | <u> X </u> no |
| Department of Transportation | <u> </u> yes | <u> X </u> no |
| Department of Safety and Prof Services | <u> </u> yes | <u> X </u> no |
| Department of Health Services | <u> </u> yes | <u> X </u> no |
| Department of Children and Families | <u> X </u> yes | <u> </u> no |
| Department of Justice | <u> </u> yes | <u> X </u> no |
| Department of Military Affairs | <u> </u> yes | <u> X </u> no |
| Department of Administration | <u> </u> 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

_____ Amanda Blomberg, CPA, Firm Director

5. Date of report July 24, 2018