

Lake County, Illinois

Reports required by the Uniform Guidance and
Government Auditing Standards

Year Ended November 30, 2017

Contents

Independent auditor's 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
Independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards required by the Uniform Guidance	3-5
Schedule of expenditures of federal awards	6-12
Notes to schedule of expenditures of federal awards	13
Schedule of findings and questioned costs	14-17
Summary schedule of prior audit findings	18
Management's corrective action plan	19-22



RSM US LLP

Independent Auditor's 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*

To the Honorable Chairman
and Members of the County Board
Lake 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County, Illinois (the County), as of and for the year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2018. Our report includes a reference to other auditors who audited the financial statements of the Lake County Forest Preserve District and Lake County Office of the Circuit Court Clerk, as described in our report on the County's financial statements. The financial statements of the Lake County Forest Preserve District were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS2017-001 and FS2017-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and management's corrective action plan. 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
June 25, 2018



RSM US LLP

Independent Auditor's 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

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

Report on Compliance for Each Major Federal Program

We have audited Lake 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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 provides 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, 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, 2017.

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 which are described in the accompanying schedule of findings and questioned costs as item SA2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The 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 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 County as of and for the year ended November 30, 2017, and have issued our report thereon dated June 25, 2018, which contained an unmodified opinion on those financial statements. 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. In our opinion, 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

Chicago, Illinois
June 25, 2018

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553	SBE	34-049-012P	\$ 26,371	\$ -
National School Lunch Program	10.555	SBE	34-049-012P	48,236	-
National School Lunch Program	10.555	SBE	34-049-12P-00A7	6,138	-
Summer Food Service Program for Children	10.559	DPH	063 55280024C	2,200	-
Total Child Nutrition Cluster				82,945	-
Special Supplemental Nutrition Program					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSVQ00915	1,300,371	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSWQ00915	731,076	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSVQ01153	68,777	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSWQ01153	38,117	-
Special Supplemental Nutrition Program for Women, Infants and Children - noncash	10.557	DHS	SFY18	2,021,531	-
Special Supplemental Nutrition Program for Women, Infants and Children - noncash	10.557	DHS	SFY17	3,165,281	-
Total Special Supplemental Nutrition Program				7,325,153	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	DHS	FCSWQ01242	1,000	-
State Administrative Expenses for Child Nutrition	10.560	DHS	063 55280067C	960	-
Total U.S. Department of Agriculture				7,410,058	-
U.S. Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218		B-08-UN-17-0004	316,618	260,035
Community Development Block Grants/Entitlement Grants	14.218		B-11-UN-17-0004	75,095	55,866
Community Development Block Grants/Entitlement Grants	14.218		B14-UC-17-0003	335,875	309,643
Community Development Block Grants/Entitlement Grants	14.218		B15-UC-17-0003	491,574	491,054
Community Development Block Grants/Entitlement Grants	14.218		B16-UC-17-0003	1,206,007	755,355
Community Development Block Grants/Entitlement Grants	14.218		B17-UC-17-0003	69,095	69,095
Total CDBG - Entitlement Grants Cluster				2,494,265	1,941,047
Emergency Solutions Grant Program					
Emergency Solutions Grant Program	14.231	DHS	E17UC170003	41,495	34,560
Emergency Solutions Grant Program	14.231		E15-UC-17-0003	11,732	11,732
Emergency Solutions Grant Program	14.231		E16-UC-17-0003	116,558	85,143
Total Emergency Solutions Grant Program				169,786	131,435
Home Investment Partnerships Program					
Home Investment Partnerships Program	14.239		M11-DC-17-0205	71,235	71,235
Home Investment Partnerships Program	14.239		M12-DC-17-0205	132,113	132,113
Home Investment Partnerships Program	14.239		M13-DC-17-0205	164,459	164,459
Home Investment Partnerships Program	14.239		M14-DC-17-0205	14,305	14,305
Home Investment Partnerships Program	14.239		M15-DC-17-0205	142,419	141,097
Home Investment Partnerships Program	14.239		M16-DC-17-0205	398,630	331,766
Total Home Investment Partnerships Program				923,160	854,974

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development (Continued)					
Continuum of Care Program					
Continuum of Care Program 2015 HMIS	14.267		IL0020L5T021507	\$ 62,380	\$ -
Continuum of Care Program 2014 COOL Transitional Housing	14.267		IL0021L5T021407	2,063	-
Continuum of Care Program 2015 Independence Center	14.267		IL0025L5T021508	59,523	59,523
Continuum of Care Program 2015 LCRDC Safe Housing	14.267		IL0027L5T021508	7,833	7,533
Continuum of Care Program 2015 Alexian Brothers Harbor	14.267		IL0033L5T021508	84,899	84,899
Continuum of Care Program	14.267		IL0031L5T021508	101,440	-
Continuum of Care Program 2016 Alexian Brothers Harbor	14.267		IL0033L5T021609	2,185	2,185
Continuum of Care Program 2015 Lake County Haven	14.267		IL0035L5T021508	30,764	26,834
Continuum of Care Program 2016 Lake County Haven	14.267		IL0035L5T021609	16,233	16,233
Continuum of Care Program 2015 Waukegan Township	14.267		IL0036L5T021508	58,240	58,240
Continuum of Care Program 2015 Planning	14.267		IL0616L5T021500	56,905	-
Continuum of Care Program	14.267		IL0031L5T021609	103,767	-
Continuum of Care Program	14.267		IL0439L5T021506	8,613	-
Continuum of Care Program	14.267		IL0439L5T021607	27,535	-
Continuum of Care Program	14.267		IL0537L5T021502	1,982	-
Continuum of Care Program 2016 Planning	14.267		IL0616L5T021600	10,842	-
Total Continuum of Care Program				<u>635,204</u>	<u>255,447</u>
Total U.S. Department of Housing and Urban Development				<u>4,222,415</u>	<u>3,182,904</u>
U.S. Department of Justice					
Juvenile Accountability Block Grants	16.523	DHS	FCSVR03502	24,813	-
Juvenile Justice and Delinquency Prevention	16.540	DHS	FCSVR03502	31,145	-
Crime Victim Assistance					
Crime Victim Assistance	16.575	CJIA	216002	85,654	-
Crime Victim Assistance	16.575	CJIA	215259	65,611	-
Crime Victim Assistance	16.575	CJIA	215277	75,449	-
Crime Victim Assistance	16.575	CJIA	215936	75,983	-
Total Crime Victim Assistance				<u>302,697</u>	-
Crime Victim Assistance/Discretionary Grants 01/18/16-06/30/16	16.582	NAVAA	17-156	5,000	-
Drug Court Discretionary Grant Program	16.585		2012-DC-BX-0007	5,967	-

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Justice (Continued)					
Edward Byrne Memorial Justice Assistance Grant (JAG) Program					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	415723	\$ 24,293	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	414223	138,710	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	414953	42,732	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2015-DE-BX-K048	73,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2016-DJ-BX-0243	4,695	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2014-DJ-BX-1219	1,719	-
Total Edward Byrne Memorial Justice Assistance Grant (JAG) Program				<u>285,149</u>	-
			Total U.S. Department of Justice	<u>654,770</u>	-
U.S. Department of Labor					
Employment Service Cluster: Wagner-Peyser Funded Activities	17.207	DCEO	13-111001	23,112	-
Trade Adjustment Assistance					
Trade Adjustment Assistance	17.245	DCEO	16-661001	371,374	-
Trade Adjustment Assistance	17.245	DCEO	15-661001	238,808	-
Total Trade Adjustment Assistance				<u>610,182</u>	-
WIOA Cluster					
WIA/WIOA Adult Program	17.258	DCEO	14-632001	15,085	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	DCEO	15-651001	114,965	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	DCEO	14-651001	5,673	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	DCEO	14-653001	161,291	-
WIA/WIOA Adult Program	17.258	DCEO	17-681001	401,371	-
WIA/WIOA Youth Activities	17.259	DCEO	17-681001	277,235	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	17-681001	403,400	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	DCEO	15-653001	103,960	-
WIA/WIOA Adult Program	17.258	DCEO	15-681001	165,483	-
WIA/WIOA Youth Activities	17.259	DCEO	15-681001	304,480	74,793
WIOA Dislocated Worker Formula Grants	17.278	DCEO	15-681001	51,998	-
WIA/WIOA Adult Program	17.258	DCEO	16-681001	999,098	-
WIA/WIOA Youth Activities	17.259	DCEO	16-681001	952,909	541,360
WIA/WIOA Dislocated Worker Formula Grants	17.278	DCEO	16-681001	933,103	-
Total WIOA Cluster				<u>4,890,051</u>	<u>616,153</u>
			Total U.S. Department of Labor	<u>5,523,345</u>	<u>616,153</u>

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Transportation					
Highway Planning & Construction Cluster					
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	\$ 13,677	\$ -
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	10,737	-
Highway Planning & Construction	20.205	DOT	08-00073-08-CH I	160,413	-
Highway Planning & Construction	20.205	DOT	09-00135-11-BT III	3,995	-
Highway Planning & Construction	20.205	DOT	16-00280-05-ES	98,918	-
Highway Planning & Construction	20.205	DOT	11-00088-19-TL	43,479	-
Highway Planning & Construction	20.205	DOT	15-00038-07-WR	431,908	-
Highway Planning & Construction	20.205	DOT	12-00999-17-TL III	784	-
Highway Planning & Construction	20.205	DOT	12-00999-25-TL	333	-
Highway Planning & Construction	20.205	DOT	12-00999-29-TL	3,885	-
Highway Planning & Construction	20.205	DOT	14-00000-08-ES DES	23,872	-
Total Highway Planning & Construction Cluster				792,002	-
Metropolitan Transportation Planning					
Metropolitan Agency for Planning 2018 (MAP)	20.505		Planning Liaison	96,423	-
Metropolitan Transportation Planning	20.505		Planning Liaison	76,397	-
Total Metropolitan Transportation Pla				172,820	-
Transit Services Programs Cluster					
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	RTA	16-00280-04-ES	61,279	-
Job Access And Reverse Commute Program	20.516	RTA	09-00280-01-ES (JARC)	9,311	-
New Freedom Program	20.521	RTA	09-00280-01-ES	91,503	-
Total Transit Services Program Cluster				162,093	-
Highway Safety Cluster					
State and Community Highway Safety	20.600	DOT	AP-17-0084	61,273	-
State and Community Highway Safety	20.600	DOT	AP-18-0071	1,135	-
Total Highway Safety Cluster				62,407	-
Total U.S. Department of Transportation				1,189,323	-
U.S. Environmental Protection Agency					
Nonpoint Source Implementation Grants	66.460	EPA	3191506	153,760	-
Performance Partnership Grants	66.605	DPH	063 75380152E	31,275	-
Great Lakes Program	66.469	EMA	GL-00E01926	89,361	-
Beach Monitoring and Notification Program Implementation Grants	66.472	DPH	063 75380198E	27,043	-
Total U.S. Environmental Protection Agency				301,439	-

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services					
HPP and PHEP Aligned Cooperative Agreements					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 87180047F	\$ 130,748	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 87180108F	6,958	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 67180158D	21,696	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 77180047E	350,608	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 77180108E	73,686	-
Total HPP and PHEP Aligned Cooperative Agreements				583,696	-
Affordable Care Act (ACA) Personal Responsibility Education Program					
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSWP01837	43,813	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSVP01837	94,456	-
Total Affordable Care Act (ACA) Personal Responsibility Education Program				138,269	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		1H79SM080157-01	177	-
Family Planning Services	93.217	DPH	063 76180060E	229,375	-
Family Planning Services	93.217	DPH	063 86180059F	156,253	-
Total Family Planning Services				385,628	-
Health Center Program Cluster					
Bureau of Primary Health Care					
Consolidated Health Centers Program					
Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.224		3 H80CS00119-16-10	3,817,851	-
Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.224		3 H80CS00119-15-19	935,742	-
Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.224	HHO	H80CS00111	8,625	-
Total Health Center Program Cluster				4,762,218	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		5H79SM061684-03	305,771	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		5H79SM061684-04	28,620	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1H79SM062311-01	159,683	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	DHS	43CWZ03217	2,636	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		5H79SM062311-02	35,750	-
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	DHS	FCSVP04575	63,798	-
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				596,258	-

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (cont.)					
Immunization Cooperative Agreements					
Immunization Cooperative Agreements	93.268	DPH	063 75180017E	\$ 20,681	\$ -
Immunization Cooperative Agreements	93.268	DPH	063 65180013D	10,411	-
Immunization Cooperative Agreements - noncash	93.268	DPH	1330	<u>2,124,159</u>	-
Total Immunization Cooperative Agreements				2,155,251	-
The Office of Public Health and Science					
Drug-Free Communities Support Program Grants	93.276		5H79SP018788-04	4,025	-
Drug-Free Communities Support Program Grants	93.276		5H79SP018788-05	<u>114,493</u>	-
Total Drug-Free Communities Support Program Grants				118,518	-
Grants for Capital Development in Health Centers	93.526		6 C8DCS29161-01-09	96,983	-
Child Support Enforcement					
Child Support Enforcement	93.563	HFS	2017-55-013-K2	232,477	-
Child Support Enforcement	93.563	HFS	2017-55-013-K	240,549	-
Child Support Enforcement	93.563	HFS	2015-55-007-KC	41,926	-
Child Support Enforcement	93.563	HFS	2018-55-024-K1D	14,796	-
Child Support Enforcement	93.563	HFS	2015-55-024-K5D	<u>21,770</u>	-
Total Child Support Enforcement				551,518	-
Social Services Block Grant	93.667	DPH	063 76180060E	135,450	-
State Public Health Approaches for Ensuring Waitlist Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735	DPH	063 73281046E	57,884	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by PPHF	93.752	DPH	063 76180013E	355,529	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	DPH	063 73286011E	53,460	-
Medicaid Cluster: Medical Assistance Program	93.778	HFS		588,936	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	DPH	063 86180012F	91,154	-
HIV Emergency Relief Project Grants	93.914	CDPH	33736	111,328	-
HIV Emergency Relief Project Grants	93.914	CDPH		<u>227,365</u>	-
Total HIV Emergency Relief Projects Grants				338,693	-

LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (cont.)					
Aids Foundation of Chicago					
HIV Care Formula Grants	93.917	AFC		\$ 87,562	\$ -
HIV Care Formula Grants	93.917	AFC		113,589	-
Total Aids Foundation of Chicago				<u>201,151</u>	-
HIV Prevention Activities Health Department Based Program	93.940	PHA	17-142-02	15,000	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	DPH	063 83286012F	6,334	-
Community Mental Health Services					
Block Grants for Community Mental Health Services	93.958	DHS	45CVB00775	64,429	-
Block Grants for Community Mental Health Services	93.958	DHS	45CVB00776	44,842	-
Block Grants for Community Mental Health Services	93.958	DHS	45CVB00778	17,210	-
Total Community Mental Health Services				<u>126,481</u>	-
Substance Abuse Treatment Program					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWC00177	15,841	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWC00180	62,580	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWC03069	151	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWC03076	135,357	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWZ03217	84,138	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CVC00180	96,265	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CVC03069	3,666	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CVC03076	382,766	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWZ03222	47,109	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	FCSV01424	217,446	-
Total Substance Abuse Treatment Program				<u>1,045,319</u>	-
Total U.S. Department of Health and Human Services				<u>12,403,907</u>	-
U.S. Department of Homeland Security					
Flood Mitigation Assistance	97.029	EMA	FY14-FMA IEMA	1,428	-
Hazard Mitigation Grant	97.039	EMA	HMGP 4116 Grant	5,828	-
Emergency Management Performance Grants	97.042	EMA	17EMALAKE	151,995	-
Total U.S. Department of Homeland Security				<u>159,251</u>	-
TOTAL FEDERAL AWARDS				<u>\$ 31,864,508</u>	<u>\$ 3,799,057</u>

Lake County, Illinois

**Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2017**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lake County, Illinois (the County) under programs of the federal government for the year ended November 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, change in net position or cash flows of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

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

Note 4. Pass-Through Agencies

The following identifies the pass-through agency acronyms used on the schedule of expenditures of federal awards:

SBE	State Board of Education
DPH	Illinois Department of Public Health
DHS	Illinois Department of Human Services
CJIA	Illinois Criminal Justice Information Authority
Wauk	City of Waukegan
NAVAA	National Association of VOCA Assistance Administrators
DCEO	Illinois Department of Commerce and Economic Opportunity
DOT	Illinois Department of Transportation
RTA	Regional Transportation Authority
EPA	Illinois Environmental Protection Agency
EMA	Illinois Emergency Management Agency
HHO	Heartland Health Outreach
HFS	Illinois Department of Healthcare and Family Services
CDPH	Chicago Department of Public Health
AFC	Aids Foundation of Chicago
PHA	Illinois Public Health Association

Lake County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2017

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major program: 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 programs.

CFDA
Numbers

Names of Federal Programs

14.218

CDBG – Entitlement Grants Cluster:
Community Development Block
Grants/Entitlement Grants

93.224

Health Center Program Cluster:
Health Center Program

93.959

Substance Abuse Treatment
Program

Dollar threshold used to distinguish between type A and type B programs: \$955,935

Auditee qualified as low-risk auditee? Yes No

Lake County, Illinois

**Schedule of Findings and Questioned Costs
Year Ended November 30, 2017**

II. Financial Statement Findings

Finding FS2017-001: Accounting for Intergovernmental Revenue

Criteria: The modified accrual basis of accounting used for governmental fund types requires that receivables not received within the availability period, be reported as deferred inflows of resources. For this purpose, the County considers revenues to be available if they are collected within 120 days of the end of the current fiscal period (except for interest and property taxes, which are 60 days, and certain Health Department and other County reimbursable grants, for which available is defined as 270 days).

Condition: The County did not defer intergovernmental revenues received after the 120 availability period. Also, the County did not record the related receivables in the same fund as the revenues.

Context: \$1,387,771 of intergovernmental revenues recorded in the 1/4% Sales Tax for Transportation and Public Safety Fund received outside of the availability period were not deferred. Also, the related receivables of the intergovernmental revenues recorded in the 1/4% Sales Tax for Transportation and Public Safety Fund were recorded in the Division of Transportation Fund (a Nonmajor Governmental Fund). Receivables recorded in the Division of Transportation Fund that related to revenues recorded in the 1/4% Sales Tax for Transportation and Public Safety Fund amounted to \$4,542,792.

Cause: The County did not have adequate year-end controls and monitoring procedures to identify receivables that were not received within the availability period or when receivables were not recorded in the same fund as their related revenues.

Effect: The lack of adequate controls and monitoring procedures led to the overstatement of intergovernmental revenues of \$1,387,771 in the 1/4% Sales Tax for Transportation and Public Safety Fund and accounts receivable of \$4,542,792 being recorded in the improper fund.

Recommendation: We recommend that the County increase year-end supervisory review over accounts receivables and intergovernmental revenues.

Views of responsible officials and planned corrective actions: See management's corrective action plan.

Lake County, Illinois

**Schedule of Findings and Questioned Costs
Year Ended November 30, 2017**

II. Financial Statement Findings (Continued)

Finding FS2017-002: Accounting for Capital Assets

Criteria: Internal control processes should be designed to provide reasonable assurance about the reliability and timeliness of capital asset records.

Condition: There were significant delays in receiving accurate capital asset schedules and supporting documentation.

Context: The following items below were noted regarding capital assets:

- The detailed review and reconciliation of capital asset records are not currently being performed on a consistent and timely basis. This resulted in revisions to internal schedules and previously prepared audit schedules which did not agree with detail capital asset records once provided.
- There are several completed projects totaling \$20,917,915 included in the Public Work's capital asset schedule that remain unclassified.
- Depreciation expense related to Public Work's capital assets is calculated inconsistently. Depreciation expense related to those assets is currently being calculated using a weighted average method while the current accounting policy and practice prior to fiscal year 2016 had been to calculate by individual asset and recorded over the useful life of that asset.

Cause: The County has numerous capital assets and ongoing construction projects that it has to monitor and account for. The process is a manual one and takes a significant amount of time to analyze and reconcile capital asset additions, deletions, and depreciation.

Recommendation: To improve the County's capital asset financial reporting process which includes improving the quality and timeliness of preparing capital asset schedules, we recommend that County personnel perform more thorough reviews of capital asset schedules, supporting reconciliations, closing entries, and other documentation. Information that can be accumulated and reviewed periodically at specified points prior to fiscal year-end should be completed in advance to alleviate the amount of work necessary after fiscal year-end.

Views of responsible officials and planned corrective actions: See management's corrective action plan.

Lake County, Illinois

**Schedule of Findings and Questioned Costs
Year Ended November 30, 2017**

III. Findings and Questioned Costs for Federal Awards

Finding SA2017-001: Eligibility

Federal Program: CFDA 93.959 – Substance Abuse Treatment Program

Federal Agency: U.S. Department of Health and Human Services

Pass-through Entity: Illinois Department of Human Services

Grant Numbers: 43CVC03076, 43CVC00180, 43CWC03076, 43CWC00180

Finding: Out of 60 patients selected for eligibility testing, the County did not have appropriate records to support eligibility determinations for four patients.

Criteria: Under the Substance Abuse Treatment Program grant agreement, all individuals who receive services funded by the Illinois Department Human Services/Division of Alcoholism and Substance Abuse (DASA) must meet the income eligibility requirements specified in the “DASA Contractual Policy Manual.”

Condition: The Lake County Health Department did not maintain documentation of eligibility determinations as required by the grant agreement with the Illinois Department of Human Services. As a result, the County could not substantiate that four patients were eligible under the provisions of the program included in the DASA Contractual Policy Manual.

Context: In total, the program included 1,294 patients. A statistically valid sample size of 60 patients was tested for proper determination of eligibility. Out of 60 patients selected for eligibility testing, the County lacked appropriate records to substantiate eligibility determinations for four of the patients.

Questioned costs: \$4,741

Cause: The Health Department did not have adequate controls to ensure clinic staff retained income verification documentation before services are performed on the patient. Additionally, documentation was not maintained to support eligibility requirements for patients.

Effect: The lack of proper eligibility determinations and documentation could lead to Federal funds being disbursed to ineligible patients. Failure to maintain proper documentation could result in disallowance of payments and recoupment.

Recommendation: Improve eligibility documentation controls by requiring clinic staff to review income verification prior to performing services on the patients.

Views of responsible officials and planned corrective actions: See management’s corrective action plan.

Lake County, Illinois

**Summary Schedule of Prior Audit Findings
Year Ended November 30, 2017**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior year's Summary of Prior Audit Finding.



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2017**

Identifying Number FS2017-001

Finding: The County did not defer intergovernmental revenues received after the 120 availability period and did not record the related receivables in the same fund as revenues. There were \$1,387,771 of intergovernmental revenues recorded in the 1/4 % Sales Tax for Transportation and Public Safety Fund that were received outside of the availability period and not deferred. The related receivables of these intergovernmental revenues recorded in the 1/4 % Sales Tax for Transportation and Public Safety Fund were recorded in the Division of Transportation Fund (a Nonmajor Governmental Fund). Receivables recorded in the Division of Transportation Fund that related to revenues recorded in the 1/4 % Sales Tax for Transportation and Public Safety Fund amounted to \$4,542,792. The lack of adequate controls and monitoring procedures led to the overstatement of the intergovernmental revenues of \$1,387,771 in the 1/4 % Sales Tax for Transportation and Public Safety Fund and accounts receivable of \$4,542,792 being recorded in the improper fund.

LAKE COUNTY CORRECTIVE ACTIONS PLANNED:

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. Correcting entries were posted as of November 30, 2017 to properly record deferred revenues of \$1,387,771 and accounts receivables of \$4,542,792 for the 1/4 % Sales Tax for Transportation and Public Safety Fund.	Ryan Horne, Deputy Finance Director Arnold Donato, Accounting Specialist	Completed.
2. Inadequate controls for reviewing intergovernmental revenues were determined to be the reason for not deferring revenues received after the 120 day availability. Training on proper recording and accounting of intergovernmental revenues will be provided to accounting staff.	Michele Slav, Finance Manager Jerial Jordon-Woods, Account Receivable Specialist	Fall 2018



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2017**

Identifying Number FS2017-002

Finding: There were significant delays in receiving accurate capital asset schedules and supporting documentation. A detailed review and reconciliation of capital asset records are not currently being performed on a consistent and timely basis. This resulted in revisions to internal schedules and previously prepared audit schedules which did not agree with detail capital asset records once provided. There are several completed projects totaling \$20,917,915 included in Public Works's capital asset schedule that remain unclassified. Depreciation expense related to Public Works's capital assets is calculated inconsistently and is using a weighted average method while the current accounting policy and practice prior to fiscal year 2016 had been to calculate by individual asset and recorded over the useful life of the asset.

LAKE COUNTY CORRECTIVE ACTIONS PLANNED:

The Lake County Department of Public Works experience executive level turnover and retirements during fiscal years 2016 and 2017. Additionally, an accounting position was unfilled during fiscal year 2017.

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. The retirement of several engineers in Public Works created a back log for project management which resulted in construction projects not being classified. A revised project costing spreadsheet has been provided to current staff and the importance of classification has been communicated. An interdepartmental effort to properly classify completed projects has begun and is expected to address this issue.	Ryan Horne, Deputy Finance Director Rodney Worden Director of Public Works Andrea Norwood Public Works Finance Manger	Fall 2018
2. The accountant position in the Department of Public Works was unfilled and delayed the consistent and timely review of fixed asset accounts. This vacancy resulted in using the weighted average method for calculating depreciation. The importance of consistent and timely review of accounts has been communicated to Public Works and steps are now being taken to fill the vacant accounting position.	Ryan Horne, Deputy Finance Director Rodney Worden Director of Public Works Andrea Norwood Public Works Finance Manger	Fall 2018



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2017**

Identifying Number: SA2017-001

Finding: Out of 60 patients selected for eligibility testing, the County did not have appropriate records to support eligibility determinations for four patients. This is specifically eligibility for the “DASA” programs, CFDA 93.959 – Substance Abuse Treatment Program, grant numbers 43CVC03076, 43CVC00180, 43CWC03076, 43CWC00180.

LAKE COUNTY CORRECTIVE ACTIONS PLANNED:

Two of the four patients missing eligibility determinations were youth. These findings will be addressed by the following:

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. Inadequate training was determined to be the reason for these missing documents. Training materials have been sent to staff and supervisor followed up individually. Training emphasized income exception as an option for youth seen without their parents present.	Margaret Pendergast, Office Manager	4/27/2018
2. Supervisor has built an excel sheet to track youth DASA eligibility information. Agency will regularly (at least monthly) review youth eligibility to identify any youth missing information. Instances of non-compliance will be communicated to Office Manager who will work with staff to obtain missing information.	Margaret Pendergast, Office Manager Tara Rahn, Assistant Business Manager	Excel sheet completed by Officer Manager. Audited at least monthly by Business Office.
3. E.H.R. system will be upgraded in fall of 2018. New upgrade will have the capacity to stop registrations from going to DASA if missing information. Reports will be available to review patients with missing information.	eMedApps (host provider)	Fall 2018
4. Assistant Business Manager has begun auditing submitted weekly DASA reports. Clients with missing income information are reviewed individually. If missing information, Assistant Business Manager reaches out to program to obtain missing information.	Tara Rahn, Assistant Business Manager	weekly



The remaining two patients were adults. These findings will be addressed by the following:

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. The reason for these missing documents were due to a clerical error. Assistant Business Manager has begun auditing submitted weekly DASA reports. Clients with missing income information are reviewed individually. If missing information, Assistant Business Manager reaches out to program to obtain missing information.	Tara Rahn, Assistant Business Manager	weekly
2. E.H.R. system will be upgraded in fall of 2018. New upgrade will have the capacity to stop registrations from going to DASA if missing information. Reports will be available to review patients with missing information.	eMedApps (host provider)	Fall 2018