

Lake County, Illinois

Reports required by the Uniform Guidance and
Government Auditing Standards

Year Ended November 30, 2018

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	3-4
Schedule of expenditures of federal awards	5-9
Notes to schedule of expenditures of federal awards	10
Schedule of findings and questioned costs	11-15
Summary schedule of prior audit findings	16-19
Management's corrective action plan	20-22



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, 2018, 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 14, 2019. 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. Additionally, our report includes an emphasis of matter paragraph relative to the adoption of the reporting and disclosure requirements of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required a restatement to opening net position.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS2018-001 and FS2018-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS2018-003 to be a significant deficiency.

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 14, 2019



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, 2018. 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, 2018.

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, 2018, and have issued our report thereon dated June 14, 2019, 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 expenditures 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 14, 2019

LAKE COUNTY, Illinois

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2018

Grantor Agency / Program Title		Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Agriculture						
Child Nutrition Cluster						
	National School Breakfast Program	10.553	SBE	34-049-012P	\$ 24,327	\$ -
	National School Lunch Program - USDA Foods	10.555	SBE	34-049-12P-00A7	4,473	-
	National School Lunch Program	10.555	SBE	34-049-012P	44,540	-
	Summer Food Service Program for Children	10.559	DPH	063 85280149F	1,440	-
Total Child Nutrition Cluster					<u>74,780</u>	<u>-</u>
Special Supplemental Nutrition Program						
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSWQ00915	1,422,208	-
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSWQ01153	65,017	-
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSXQ00915	812,781	-
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	FCSXQ01153	34,950	-
	Special Supplemental Nutrition Program for Women, Infants and Children - noncash	10.557	DHS	SFY18	3,069,644	-
	Special Supplemental Nutrition Program for Women, Infants and Children - noncash	10.557	DHS	SFY19	1,784,947	-
Total Special Supplemental Nutrition Program					<u>7,189,547</u>	<u>-</u>
WIC Farmers' Market Nutrition Program (FMNP)						
		10.572	DHS	FCSXQ01242	1,000	-
Total U.S. Department of Agriculture					<u>7,265,327</u>	<u>-</u>
U.S. Department of Housing and Urban Development						
CDBG Entitlement Grants						
	Community Development Block Grants/Entitlement Grants	14.218		B08UN17004	82,799	7,185
	Community Development Block Grants/Entitlement Grants	14.218		B11UN17004	42,228	40,969
	Community Development Block Grants/Entitlement Grants	14.218		B14UC170003	100,292	96,428
	Community Development Block Grants/Entitlement Grants	14.218		B15UC170003	65,264	65,144
	Community Development Block Grants/Entitlement Grants	14.218		B16UC170003	364,302	315,741
	Community Development Block Grants/Entitlement Grants	14.218		B17UC170003	975,401	634,346
	Community Development Block Grants/Entitlement Grants	14.218		B18UC170003	345,425	343,457
Total CDBG Entitlement Grants Cluster					<u>1,975,711</u>	<u>1,503,270</u>
Emergency Solutions Grant Program						
		14.231	DHS	E17UC170003	128,534	114,949
Home Investment Partnerships Program						
	Home Investment Partnerships Program	14.239		M13DC170205	53,954	53,954
	Home Investment Partnerships Program	14.239		M14DC170205	176,492	176,261
	Home Investment Partnerships Program	14.239		M15DC170205	205,035	205,035
	Home Investment Partnerships Program	14.239		M16DC170205	253,574	251,005
	Home Investment Partnerships Program	14.239		M16DC170205	280,549	154,530
Total Home Investment Partnerships Program					<u>969,604</u>	<u>840,785</u>

LAKE COUNTY, Illinois

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2018

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 2016 HMIS	14.267		IL0020LST021608	\$ 63,014	\$ 4,357
Continuum of Care Program 2017 HMIS	14.267		IL0020LST021709	13,510	-
Continuum of Care Program 2016 Independence Center	14.267		IL0025LST021609	61,798	60,677
Continuum of Care Program 2016 Alexian Brothers Harbor	14.267		IL0033LST021609	27,692	27,119
Continuum of Care Program 2016 Lake County Haven	14.267		IL0035LST021609	23,159	22,520
Continuum of Care Program 2015 Waukegan Township	14.267		IL0036LST021609	37,419	4,039
Continuum of Care Program 2015 Planning	14.267		IL0616LST021600	50,282	37,419
Continuum of Care Program 2017 Planning	14.267		IL1583LST021700	13,300	645
Continuum of Care Program	14.267		IL0031LST021609	140,777	-
Continuum of Care Program	14.267		IL0031LST021710	150,979	-
Continuum of Care Program	14.267		IL0439LST021607	10,035	-
Continuum of Care Program	14.267		IL0439LST021708	39,795	-
Total Continuum of Care Program				<u>631,760</u>	<u>156,776</u>
Total U.S. Department of Housing and Urban Development				<u>3,705,609</u>	<u>2,615,780</u>
U.S. Department of Justice					
Crime Victim Assistance					
Crime Victim Assistance	16.575	CJIA	216002	139,053	-
Crime Victim Assistance	16.575	CJIA	216003	93,976	-
Crime Victim Assistance	16.575	CJIA	215936	8,497	-
Crime Victim Assistance	16.575	CJIA	215277	8,288	-
Crime Victim Assistance	16.575	CJIA	216444	127,935	-
Total Crime Victim Assistance				<u>377,749</u>	<u>-</u>
Crime Victim Assistance/Discretionary Grants	16.582	NAVAA	18-107	5,000	-
Bulletproof Vest Partnership Program	16.607		2016-BO-BX-16085276	77	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	415723	125,707	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	416723	28,666	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2015-DJ-BX-0107	4,809	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2016-DJ-BX-0243	1,124	-
Total Edward Byrne Memorial Justice Assistance Grant (JAG) Program				<u>160,306</u>	<u>-</u>
Total U.S. Department of Justice				<u>543,132</u>	<u>-</u>
U.S. Department of Labor					
WIOA Cluster					
WIOA Adult Programs	17.258	DCEO	16-681001	21,748	-
WIOA Adult Programs	17.258	DCEO	17-681001	1,026,217	-
WIOA Adult Programs	17.258	DCEO	18-681001	339,790	-
WIOA Local Incentive	17.258, 17.278, 17.259	DCEO	15-632001	16,833	-
WIOA Local Incentive	17.258, 17.278, 17.259	DCEO	16-632001	1,238	-
WIOA Youth Activities	17.259	DCEO	16-681001	24,264	-
WIOA Youth Activities	17.259	DCEO	17-681001	1,251,949	506,193
WIOA Youth Activities	17.259	DCEO	18-681001	269,181	103,674
WIOA Dislocated Worker Formula Grant	17.278	DCEO	16-681001	158,285	-
WIOA Dislocated Worker Formula Grant	17.278	DCEO	17-681001	995,761	-
WIOA Dislocated Worker Formula Grant	17.278	DCEO	18-681001	529,635	-
WIOA Statewide Rapid Response	17.278	DCEO	16-651001	93,371	-
WIOA Statewide Rapid Response	17.278	DCEO	17-651001	155,085	-
WIOA Statewide Rapid Response	17.278	DCEO	15-653001	14,325	-
Total WIOA Cluster				<u>4,897,682</u>	<u>609,867</u>
Trade Adjustment Assistance					
Trade Adjustment Assistance	17.245	DCEO	16-661001	356,715	-
Trade Adjustment Assistance	17.245	DCEO	17-661001	103,082	-
Total Trade Adjustment Assistance				<u>459,797</u>	<u>-</u>
Total U.S. Department of Labor				<u>5,357,479</u>	<u>609,867</u>

LAKE COUNTY, Illinois

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Transportation					
Highway Planning & Construction					
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	\$ 5,673	\$ -
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	4,487	-
Highway Planning & Construction	20.205	DOT	08-00073-08-CH I	11,262	-
Highway Planning & Construction	20.205	DOT	09-00174-05-CH ROW	383,462	-
Highway Planning & Construction	20.205	DOT	15-00038-07-WR	457,829	-
Highway Planning & Construction	20.205	DOT	16-00280-05-ES	92,941	-
Highway Planning & Construction	20.205	DOT	12-00999-28-TL	136	-
Highway Planning & Construction	20.205	DOT	12-00999-26-TL	24,767	-
Highway Planning & Construction	20.205	DOT	08-00090-12-CH	250,122	-
Total Highway Planning & Construction Cluster				<u>1,230,679</u>	-
Metropolitan Agency for Planning 2018 (MAP)	20.505		Planning Liaison	64,266	-
Transit Services Programs					
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	RTA	16-00280-04-ES	54,855	-
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	RTA	18-00280-06-ES	27,986	-
New Freedom Program	20.521	RTA	09-00280-01-ES	77,394	-
Total Transit Services Programs Cluster				<u>160,235</u>	-
Highway Safety Cluster					
State and Community Highway Safety	20.600	DOT	OP-19-0103	21,465	-
State and Community Highway Safety	20.600	DOT	AP-18-0071	74,427	-
National Priority Safety Programs	20.616	DOT	DD-18-0456	8,200	-
Total Highway Safety Cluster				<u>104,092</u>	-
Total U.S. Department of Transportation				<u>1,559,272</u>	-
U.S. Environmental Protection Agency					
Nonpoint Source Implementation Grants					
Nonpoint Source Implementation Grants	66.460	EPA	3191715	67,450	-
Nonpoint Source Implementation Grants	66.460	EPA	3191506	201,428	-
Total - Nonpoint Source Implementation Grants				<u>268,878</u>	-
Performance Partnership Grants	66.605	DPH	063 85380149F	32,675	-
Great Lakes Program	66.469	EMA	GL-00E01926	39,631	-
Beach Monitoring and Notification Program Implementation Grants	66.472	DPH	063 85380402F	16,325	-
Total U.S. Environmental Protection Agency				<u>357,509</u>	-
U.S. Department of Health and Human Services					
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 18 - 0083	2,500	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)					
Aligned Cooperative Agreements	93.074	DPH	063 87180047F	242,257	-
Aligned Cooperative Agreements	93.074	DPH	063 87180108F	66,765	-
Aligned Cooperative Agreements	93.074	DPH	063 97180047G	32,924	-
Aligned Cooperative Agreements	93.074	DPH	063 97580013G	7,595	-
Total HPP and PHEP Aligned Cooperative Agreements				<u>349,541</u>	-

LAKE COUNTY, Illinois

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (cont.)					
Affordable Care Act (ACA) Personal Responsibility Education Program					
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSWP01837	\$ 92,602	\$ -
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSXP01837	49,229	-
Total Affordable Care Act (ACA) Personal Responsibility Education Program				<u>141,831</u>	<u>-</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)					
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		1H79SM080157-01M002	523,440	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		5H79SM080157-02M001	84,354	-
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				<u>607,794</u>	<u>-</u>
Family Planning Services					
Family Planning Services	93.217	DPH	063 86180059F	98,197	-
Family Planning Services	93.217	DPH	063 96180059G	85,877	-
Total Family Planning Services				<u>184,074</u>	<u>-</u>
Bureau of Primary Health Care					
Consolidated Health Centers Program(Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)					
Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.224		3 H80CS00119-16-11	1,169,437	-
Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.224	HHO	6 H80CS00119-17-15	3,859,491	-
Total Health Centers Program Cluster				<u>5,028,928</u>	<u>-</u>
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		5H79SM061684-04	275,086	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1H79SM081112-01	148	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		3H79SM062311-03S1	29,467	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	DHS	43CWZ03217	46,484	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	DHS	43CXZ03217	25,294	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		5H79SM062311-02	237,090	-
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>613,569</u>	<u>-</u>
Immunization Cooperative Agreements					
Immunization Cooperative Agreements	93.268	DPH	063 85180017F	50,000	-
Immunization Cooperative Agreements - noncash	93.268	DPH	1330	2,429,924	-
Total Immunization Cooperative Agreements				<u>2,479,924</u>	<u>-</u>
Grants for Capital Development in Health Centers	93.526		6 C8DCS29161-01-09	903,017	-
Child Support Enforcement					
Child Support Enforcement	93.563	HFS	2017-55-013-K2	196,523	-
Child Support Enforcement	93.563	HFS	2017-55-013-K3	215,764	-
Total Child Support Enforcement				<u>412,287</u>	<u>-</u>
Grants to States for Access & Visitation Programs					
Grants to States for Access & Visitation Programs	93.597	HFS	2018-55-024-KD	19,591	-
Grants to States for Access & Visitation Programs	93.597	HFS	2018-55-024-KD	15,427	-
Total Grants to States for Access & Visitation Programs				<u>35,018</u>	<u>-</u>
Social Services Block Grant					
Social Services Block Grant	93.667		FCSXU05067	11,825	-
Social Services Block Grant	93.667	DPH	063 86180059F	68,550	-
Total Social Services Block Grant				<u>80,375</u>	<u>-</u>

LAKE COUNTY, Illinois

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended November 30, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Grant Number	Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (cont.)					
State Public Health Approaches for Ensuring Qutline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735	DPH	063 83281046F	\$ 80,000	\$ -
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	DPH	063 73286011E	2,790	-
Medical Assistance Program	93.778	HFS		325,204	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	DPH	063 86180012F	347,011	-
HIV Emergency Relief Project Grants					
HIV Emergency Relief Project Grants	93.914	CDPH	33736	116,469	-
HIV Emergency Relief Project Grants	93.914	CDPH	72956	234,138	-
			Total HIV Emergency Relief Project Grants	<u>350,607</u>	<u>-</u>
Aids Foundation of Chicago					
HIV Care Formula Grants	93.917	AFC		78,738	-
HIV Care Formula Grants	93.917	AFC		60,544	-
			Total Aids Foundation of Chicago	<u>139,282</u>	<u>-</u>
HIV Prevention Activities Health Department Based Program	93.940	PHA	17-142-02	24,774	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	IDPH	063 83286012F	27,275	-
Community Mental Health Services					
Block Grants for Community Mental Health Services	93.958	DHS	45CWB00775	88,868	-
Block Grants for Community Mental Health Services	93.958	DHS	45CWB00776	124,561	-
Block Grants for Community Mental Health Services	93.958	DHS	45CWB00778	172,104	-
Block Grants for Community Mental Health Services	93.958	DHS	45CXB00775	111,085	-
Block Grants for Community Mental Health Services	93.958	DHS	45CXB00776	83,041	-
Block Grants for Community Mental Health Services	93.958	DHS	45CXB00778	114,736	-
			Total Community Mental Health Services	<u>694,395</u>	<u>-</u>
Substance Abuse Treatment Program					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWZ03217	38,362	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWZ03222	130,466	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CXC00180	8,148	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CWZ03400	7,260	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	43CXZ03222	37,217	-
			Total Substance Abuse Treatment Program	<u>221,453</u>	<u>-</u>
			Total U.S. Department of Health and Human Services	<u>13,051,649</u>	<u>-</u>
U.S. Department of Homeland Security					
Emergency Management Performance Grants	97.042	EMA	18EMALAKE	157,632	-
			Total U.S. Department of Homeland Security	<u>157,632</u>	<u>-</u>
			TOTAL FEDERAL AWARDS	<u>\$ 31,997,609</u>	<u>\$ 3,225,647</u>

See notes to schedule of expenditures of federal awards.

Lake County, Illinois

**Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2018**

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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
NAVAA	National Association of VOCA Assistance Administrators
Wauk	City of Waukegan
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
NACCHO	National Association of County and City Health Officials
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
IDPH	Illinois Department of Public Health

Lake County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2018

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

10.557

Special Supplemental Nutrition Program for Women, Infants, and Children

20.205

Highway Planning & Construction

17.258

WIOA Cluster:

17.259

WIA/WIOA Adult Program

17.278

WIA/WIOA Youth Activities

WIA/WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$959,928

Auditee qualified as low-risk auditee?

Yes No

Lake County, Illinois

**Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2018**

II. Financial Statement Findings

Finding FS2018-001: 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.

Context: \$686,361 of intergovernmental revenues recorded in the 1/4% Sales Tax for Transportation and Public Safety Fund, \$936,182 of intergovernmental revenues recorded in the General Fund, and \$647,800 of intergovernmental revenues recorded in the Nonmajor Governmental Fund that were received outside of the availability period were not deferred.

Cause: The County did not have adequate year-end controls and monitoring procedures to identify receivables that were not received within the availability period.

Effect: The lack of adequate controls and monitoring procedures led to the overstatement of intergovernmental revenues of \$686,361 in the 1/4% Sales Tax for Transportation and Public Safety Fund \$936,182 in the General Fund, and \$647,800 in the Nonmajor Governmental Fund.

Recommendation: We recommend that the County increase year-end supervisory review of the availability period for its 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 (Continued)
Year Ended November 30, 2018**

II. Financial Statement Findings (Continued)

Finding FS2018-002: 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.
- Errors were identified in prior year equipment additions in the Governmental Fund and prior year capital asset deletions and accumulated depreciation in the Public Works.

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 (Continued)
Year Ended November 30, 2018**

II. Financial Statement Findings (Continued)

Finding FS2018-003: Accounting for Accounts Payable

Criteria: The County's fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, expenditures are generally recorded when a liability is incurred. At the end of the fiscal year, the County records an accounts payable liability for any goods received or services performed before the end of the year which were subsequently paid after the year-end.

Condition: The County did not properly record outstanding invoices that pertained to fiscal year 2018 as accounts payable at year-end.

Context: \$2,183,780 of outstanding invoices that pertained to fiscal year 2018 were not properly accrued for as accounts payable in the Nonmajor Governmental Funds.

Cause: The County did not have adequate year-end controls and monitoring procedures to identify outstanding invoices that pertained to fiscal year 2018 in order to properly accrue as accounts payable.

Effect: The lack of adequate controls and monitoring procedures led to the understatement of accounts payable of \$2,183,780 in the Nonmajor Governmental Funds.

Recommendation: We recommend that the County increase year-end supervisory review over accounts payable and outstanding invoices.

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

Lake County, Illinois

**Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2018**

III. Findings and Questioned Costs for Federal Awards

No matters were reported.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE 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 43CVC03079, 43CFC00180, 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	Action taken	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	Initial training was completed in April 2018. Follow up with staff was done in November 2018. Staff were given updated training materials. Monitoring is continuing to be done.	Completed.
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 Fernanda Solis-Bashore, Clerk Tara Rahn, Assistant Business Manager	Excel sheet completed by Office Manager in April 2018. This is being audited at least monthly by Business Office.	Completed.
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)	The E.H.R. system has not been updated to put “required” fields in the registration template. Audit activities have continued with a manual process while eMedApps works on the configuration.	Fall 2019

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	Since May 2018, Tara is auditing any DASA client with a registration to ensure financial information is on file.	Completed.
---	---------------------------------------	--	------------

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

Corrective Action Planned	Name of Responsible Person	Action taken	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	Since May 2018, Tara is auditing any DASA client with a registration to ensure financial information is on file.	Completed.
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)	The E.H.R. system has not been updated to put "required" fields in the registration template. Audit activities have continued with a manual process while eMedApps works on the configuration.	Fall 2019



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Identifying Number FS2017-001

Audit 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 TAKEN:

Corrective Action Taken	Name of Responsible Person	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. The related receivables and intergovernmental revenues are now recorded in the appropriate fund.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	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 staff in the department recording the revenues. Effective for the FY2019 audit, Finance Department accounting staff will review all receivables still outstanding 120 days after year end and properly reclassify as deferred revenue.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Fall 2019.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE 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 TAKEN:

The Lake County Department of Public Works performed a detailed review and reconciliation of capital asset records and properly classified the \$20,917,915 of completed projects that were unclassified. A detail listing of all capital assets has been loaded into the Fixed Assets Module of the Oracle ERP system. Depreciation expense is calculated by individual asset and recorded over the useful life of the asset. The weighted average depreciation used previously has been properly calculated and distributed to the individual detailed assets. The net-book-value of each asset has been updated and properly shows the cost and accumulated depreciation for each asset.

Corrective Action Planned	Name of Responsible Person	Completion Date
1. An interdepartmental effort to properly classify completed projects for Public Works was completed for the year ended November 30, 2018. A detail listing of individual assets and depreciation is now generated by the Oracle ERP fixed asset module.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Completed



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2018**

Identifying Number FS2018-001

Finding: The County did not defer intergovernmental revenues received after the 120 availability period. Intergovernmental revenues of \$686,361 in the 1/4% Sales Tax for Transportation and Public Safety Fund, \$936,182 in the General Fund, and \$647,800 in the Nonmajor Governmental Fund were received outside of the availability period and not deferred. The lack of adequate year end controls and monitoring procedures led to the overstatement of intergovernmental revenues of \$686,361 in the 1/4% Sales Tax for Transportation and Public Safety Fund, \$936,182 in the General Fund, and \$647,800 in the Nonmajor Governmental 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, 2018 to properly record deferred revenues of \$686,361 for the ¼ % Sales Tax for Transportation and Public Safety Fund.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	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 staff in the department recording the revenues. Effective for the FY2019 audit, Finance Department accounting staff will review all receivables still outstanding 120 days after year end and properly reclassify as deferred revenue.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Fall 2019



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2018**

Identifying Number FS2018-002

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. Errors were identified in prior year equipment additions in the Governmental Fund and in the prior year capital asset deletions and accumulated depreciation for Public Works. The County has numerous capital assets and ongoing construction projects that it has to account for and monitor. The process requires the consolidation of separate automated and manual records and takes significant time to analyze and reconcile capital asset additions, deletions, and depreciation.

LAKE COUNTY CORRECTIVE ACTIONS PLANNED:

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. An interdepartmental effort to properly classify completed projects for Public Works was completed for the year ended November 30, 2018. A detail listing of individual assets and depreciation is now generated by the Oracle ERP fixed asset module.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Completed
2. Training to improve the County's capital asset financial reporting process will be provided accounting and finance staff to improve the quality and timeliness of preparing capital asset schedules, including the supporting reconciliations, closing entries, and other documentation. 3. Finance and Public Works staff will maintain fixed asset on a quarterly basis in the Oracle fixed asset module to allow for more timely preparation of schedules, reconciliations, and closing entries for year end.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Fall 2019



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2018**

Identifying Number FS2018-003

Finding: The County did not have adequate year-end controls and monitoring procedures to identify outstanding invoices of \$2,167,948 that pertained to the current year as accounts payable for the Nonmajor Governmental Fund. The invoices were not accrued, and this led to an understatement of accounts payable.

LAKE COUNTY CORRECTIVE ACTIONS PLANNED:

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. Correcting entries were posted as of November 30, 2018 to properly record accounts payable of \$2,167,948 for the Nonmajor Governmental Fund.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Completed
2. Inadequate controls for reviewing year end accounts payable were determined to be the reason for not properly identifying outstanding invoices for accrual. Training on year-end controls and appropriate monitoring and review will be provided to accounting and finance staff responsible for year-end accruals and adjustments. Training has already taken place to ensure that appropriate staff understand how to properly enter invoices to properly charge back activity to the prior year and that all reviewers in the approval workflow ensure accuracy before advancing invoices for payment.	Patrice Sutton, Director of Finance Ryan Horne, Deputy Finance Director	Fall 2019