

Lake County, Illinois

Reports required by the Uniform Guidance and
Government Auditing Standards

Year Ended November 30, 2020

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RSM US LLP

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 14, 2021. Our report includes an emphasis of matter paragraph relative to a restatement of the beginning net position of business-type activities and the public works major enterprise fund as a result of an error. Additionally, 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. 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider 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 financial statements. 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 the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
September 14, 2021



RSM US LLP

**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**

Independent Auditor's Report

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, 2020. 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, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 14, 2021, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter paragraph relative to a restatement of the beginning net position of business-type activities and the public works major enterprise fund as a result of an error. Additionally, our report includes 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
September 14, 2021

Lake County, Illinois

Schedule of Expenditures of Federal Awards
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553	SBE	34-049-012P	\$ 16,386	\$ -
National School Lunch Program	10.555	SBE	34-049-12P-00A7	4,695	-
National School Lunch Program	10.555	SBE	34-049-012P	31,065	-
Total Child Nutrition Cluster				52,146	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IDHS	FCSZQ00915	746,790	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IDHS	FCSYQ00915	1,281,210	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IDHS	FCSZQ01153	47,765	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IDHS	FCSYQ01153	64,483	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	IDHS	SFY20	2,498,265	-
Total Special Supplemental Nutrition Program				4,638,513	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	IDHS	FCSZQ01242	1,000	-
WIC Grants To States (WGS)	10.578	IDHS	FCSYQ00915	11,003	-
Total U.S. Department of Agriculture				4,702,662	-
U.S. Department of Commerce					
Coastal Zone Management Administration Awards					
Coastal Zone Management Administration Awards	11.419	IEPA	N-18-09-01	942	-
Coastal Zone Management Administration Awards	11.419	IDNR	17-07-02	14,361	-
Coastal Zone Management Administration Awards	11.419	IDNR	17-07-02	1,099	-
Total Coastal Zone Management Administration Awards				16,402	-
Total U.S. Department of Commerce				16,402	-
U.S. Department of Housing and Urban Development					
CDBG Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218			2,813,577	2,186,934
Total CDBG Entitlement Grants Cluster				2,813,577	2,186,934
Emergency Solutions Grant Program					
Emergency Solutions Grant Program	14.231	IDHS	FCSYH03834	19,487	-
Emergency Solutions Grant Program	14.231	IDHS	FCSZYH03834	23,363	-
Emergency Solutions Grant Program	14.231			291,700	271,780
Total Emergency Solutions Grant Program				334,550	271,780
Home Investment Partnerships Program	14.239			1,398,720	1,265,155
Continuum of Care Program	14.267			652,114	82,848
Total U.S. Department of Housing and Urban Development				5,198,961	3,806,717

(Continued)

Lake County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Justice					
Crime Victim Assistance					
Crime Victim Assistance	16.575	CJIA	218003	\$ 105,943	\$ -
Crime Victim Assistance	16.575	CJIA	820002	1,849	-
Crime Victim Assistance	16.575	CJIA	217003	135,264	-
Crime Victim Assistance	16.575	CJIA	218444	158,689	-
Total Crime Victim Assistance				<u>401,745</u>	<u>-</u>
Crime Victim Assistance/Discretionary Grants	16.582	NAVAA	20-0010	4,831	-
State Criminal Alien Assistance Program	16.606			10,683	-
Edward Byrne Memorial Justice Assistance Grant Program					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	417723	127,824	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2018-DJ-BX-0604	8,807	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Wauk	2017-DJ-BX-0522	6,770	-
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>143,401</u>	<u>-</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745			47,483	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838			<u>243,497</u>	<u>-</u>
Total U.S. Department of Justice				<u>851,640</u>	<u>-</u>
U.S. Department of Labor					
WIOA Cluster					
WIA Youth Activities	17.259	DCEO	18-681001	452,988	-
WIA Youth Activities	17.259	DCEO	19-681001	700,379	195,303
WIA Youth Activities	17.259	DCEO	20-681001	269,974	75,334
WIOA Dislocated Worker Formula Grants	17.278	DCEO	18-681001	383,953	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	19-681001	1,389,524	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	20-681001	816,918	-
WIOA Adult Program	17.258	DCEO	18-681001	96,723	-
WIOA Adult Program	17.258	DCEO	19-681001	827,511	-
WIOA Adult Program	17.258	DCEO	20-681001	436,017	-
WIOA Adult Program	17.258	DCEO	17-632001	25,857	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	19-651001	41,019	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	19-656001	113,514	-
WIOA Dislocated Worker Formula Grants	17.278	DCEO	19-633001	52,163	-
Total WIOA Cluster				<u>5,606,540</u>	<u>270,637</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants					
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DCEO	18-671001	125,251	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DCEO	19-671001	57,954	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DCEO	20-671001	170,278	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	DCEO	20-672001	391	-
Total Workforce Investment Act (WIA) National Emergency Grants				<u>353,874</u>	<u>-</u>

(Continued)

Lake County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Labor (Continued)					
Trade Adjustment Assistance					
Trade Adjustment Assistance	17.245	DCEO	18-661001	\$ 116,077	\$ -
Trade Adjustment Assistance	17.245	DCEO	19-661001	9,883	-
Total Trade Adjustment Assistance				<u>125,960</u>	<u>-</u>
Total U.S. Department of Labor				<u>6,086,374</u>	<u>270,637</u>
U.S. Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning & Construction	20.205	DOT	18-00158-13-WR	476,910	-
Highway Planning & Construction	20.205	DOT	18-00999-56-ES	222,061	-
Highway Planning & Construction	20.205	DOT	08-00073-08-CH I	35,072	-
Highway Planning & Construction	20.205	DOT	12-00999-30-TL	1,817	-
Highway Planning & Construction	20.205	DOT	09-00174-05-CH III	28,787	-
Highway Planning & Construction	20.205	DOT	14-00158-11-WR III	462,271	-
Highway Planning & Construction	20.205	DOT	15-00038-07-WR	54,322	-
Highway Planning & Construction	20.205	DOT	99-00260-01-WR	606,209	-
Highway Planning & Construction	20.205	DOT	12-00999-26-TL	1,390	-
Highway Planning & Construction	20.205	DOT	08-00090-12-CH	933,451	-
Highway Planning & Construction	20.205	CMAP	C-20-0008	54,465	-
Highway Planning & Construction	20.205	CMAP	C-21-0008	58,712	-
Total Highway Planning and Construction Cluster				<u>2,935,467</u>	<u>-</u>
Transit Services Programs Cluster					
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	RTA	20-00280-08-ES	6,927	-
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	RTA	18-00280-06-ES	58,842	-
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	RTA	19-00280-07-ES	34,269	-
Total Transit Services Programs Cluster				<u>100,038</u>	<u>-</u>
Highway Safety Cluster					
State and Community Highway Safety	20.600	DOT	HS-21-0068	29,416	-
State and Community Highway Safety	20.600	DOT	AP-20-0119	94,584	-
Total Highway Safety Cluster				<u>124,000</u>	<u>-</u>
Total U.S. Department of Transportation				<u>3,159,505</u>	<u>-</u>
U.S. Department of the Treasury					
COVID-19 Coronavirus Relief Fund					
COVID-19 - Coronavirus Relief Fund	21.019			107,739,268	44,157,722
COVID-19 - Coronavirus Relief Fund	21.019	HFS	CURE000001	275,026	-
COVID-19 - Coronavirus Relief Fund	21.019	IDPH	063 05180148HAMD1	1,256,647	-
Total COVID-19 Coronavirus Relief Fund				<u>109,270,941</u>	<u>44,157,722</u>
Total U.S. Department of the Treasury				<u>109,270,941</u>	<u>44,157,722</u>

(Continued)

Lake County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Environmental Protection Agency					
Nonpoint Source Implementation Grants	66.460	IEPA	3191715	\$ 324,534	\$ -
Performance Partnership Grants					
Performance Partnership Grants	66.605	IDPH	063 05080049H SFY21	13,150	-
Performance Partnership Grants	66.605	IDPH	063 05080049H SFY20	17,663	-
Total Performance Partnership Grants				<u>30,813</u>	<u>-</u>
Beach Monitoring and Notification Program Implementation Grants					
Beach Monitoring and Notification Program Implementation Grants	66.472	IDPH	063 05380402H SFY21	14,970	-
Beach Monitoring and Notification Program Implementation Grants	66.472	IDPH	063 05380402H SFY20	6,710	-
Total Beach Monitoring and Notification Program Implementation Grants				<u>21,680</u>	<u>-</u>
				<u>377,027</u>	<u>-</u>
Total U.S. Environmental Protection Agency					
U.S. Election Assistance Commission					
2018 HAVA Election Security Grants					
2018 HAVA Election Security Grants	90.404	SBE	SFY2020	831,528	-
2018 HAVA Election Security Grants	90.404	SBE	SFY2020	1,830	-
2018 HAVA Election Security Grants	90.404	SBE	SFY2020	51,668	-
Total 2018 HAVA Election Security Grants				<u>885,026</u>	<u>-</u>
				<u>885,026</u>	<u>-</u>
Total U.S. Election Assistance Commission					
U.S. Department of Health and Human Services					
Public Health Emergency Preparedness					
Public Health Emergency Preparedness	93.069	IDPH	063 17580013I	28,254	-
Public Health Emergency Preparedness	93.069	IDPH	063 17180047I	126,780	-
Public Health Emergency Preparedness	93.069	IDPH	063 07180047H	220,725	-
Total Public Health Emergency Preparedness				<u>375,759</u>	<u>-</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	IDPH	063 07580013H-AM01	63,906	-
Affordable Care Act (ACA) Personal Responsibility Education Program					
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	IDHS	FCSZP01837	33,439	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	IDHS	FCSYP01837	80,931	-
Total Affordable Care Act (ACA) Personal Responsibility Education Program				<u>114,370</u>	<u>-</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (Continued)	93.104			707,568	-

Lake County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (Continued)					
Health Center Program Cluster					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			\$ 5,037,256	\$ -
COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			1,306,493	-
Total Health Center Program Cluster				<u>6,343,749</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			600,561	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	IDHS	43CZZ03217	51,172	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	IDHS	43CZY03217	91,752	-
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>743,485</u>	<u>-</u>
Immunization Cooperative Agreements					
Immunization Cooperative Agreements	93.268	IDPH	063 95180046G-1 SFY21	17,578	-
Immunization Cooperative Agreements	93.268	IDPH	063 95180046G	26,390	-
Immunization Cooperative Agreements	93.268	IDPH	063 05080049H SFY21	801	-
Immunization Cooperative Agreements	93.268	IDPH	063 05080049H SFY20	7,364	-
Immunization Cooperative Agreements	93.268	IDPH	063 05080049H SFY21	411	-
Immunization Cooperative Agreements	93.268	IDPH	063 05080049H SFY20	3,294	-
Immunization Cooperative Agreements - noncash	93.268	IDPH	1330	1,449,745	-
Total Immunization Cooperative Agreements				<u>1,505,583</u>	<u>-</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response					
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	IDPH	063 95080303G-2	11,194	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	IDPH	063 95080202G-1	63,917	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	IDPH	063 95080202G-1 SFY21	7,868	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	IDPH	063 07680048H	264,619	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	IDPH	063 95080202G-1 SFY20	27,712	-
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				<u>375,310</u>	<u>-</u>
Child Support Enforcement					
Child Support Enforcement	93.563	HFS	2021-55-013-IGA	225,711	-
Child Support Enforcement	93.563	HFS	2020-55-013-K	182,553	-
Total Child Support Enforcement				<u>408,264</u>	<u>-</u>
Grants to States for Access & Visitation Programs					
Grants to States for Access & Visitation Programs	93.597	HFS	2018-55-024-IGA D	17,316	-
Grants to States for Access & Visitation Programs	93.597	HFS	2018-55-024-KD	22,908	-
Total Grants to States for Access & Visitation Programs				<u>40,224</u>	<u>-</u>
Social Services Block Grant					
Social Services Block Grant	93.667	IDHS	FCSZU03098	71,458	-
Social Services Block Grant	93.667	IDHS	FCSZU05067	67,810	-
Total Social Services Block Grant				<u>139,268</u>	<u>-</u>
(Continued)					

Lake County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended November 30, 2020

Grantor Agency / Program Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipient Expenditures
U.S. Department of Health and Human Services (Continued)					
Medicaid Cluster					
Medical Assistance Program	93.778	IDHS	43CZZ03222	\$ 1,537	\$ -
Medical Assistance Program	93.778	IDHS	43CZY03222	7,599	-
Total Medicaid Cluster & Medical Assistance Program				<u>9,136</u>	<u>-</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	IDPH	063 06180012H-1	323,002	-
HIV Emergency Relief Project Grants					
HIV Emergency Relief Project Grants	93.914	CDPH	110215	122,725	-
COVID-19 - HIV Emergency Relief Project Grants	93.914	CDPH	110215	1,093	-
HIV Emergency Relief Project Grants	93.914	CDPH	110215	56,050	-
Total HIV Emergency Relief Projects Grants				<u>179,868</u>	<u>-</u>
HIV Care Formula Grants					
HIV Care Formula Grants	93.917	AFC	X07HA00013-27-00	131,872	-
HIV Care Formula Grants	93.917	AFC	X07HA00013-29-00	50,851	-
Total HIV Care Formula Grants				<u>182,723</u>	<u>-</u>
Block Grants for Community Mental Health Services					
Block Grants for Community Mental Health Services	93.958	IDHS	45CZB00778	131,935	-
Block Grants for Community Mental Health Services	93.958	IDHS	45CYB00778	58,515	-
Block Grants for Community Mental Health Services	93.958	IDHS	45CZB00775	111,293	-
Block Grants for Community Mental Health Services	93.958	IDHS	45CYB00775	70,097	-
Block Grants for Community Mental Health Services	93.958	IDHS	45CZB00776	103,320	-
Block Grants for Community Mental Health Services	93.958	IDHS	45CYB00776	42,351	-
Total Block Grants for Community Mental Health Services				<u>517,511</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CXZ03400	5,299	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CZZ03217	27,885	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CZZ03222	30,892	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CZY03222	81,742	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CZC03076	12,795	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CYC03076	132,634	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CZC00180	28,727	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IDHS	43CYC00180	46,347	-
Total Block Grants for Prevention and Treatment of Substance Abuse				<u>366,321</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>12,396,047</u>	<u>-</u>
U.S. Department of Homeland Security					
Emergency Food and Shelter National Board Program	97.024			17,709	-
Emergency Management Performance Grants	97.042	IEMA	20EMALAKE	193,167	-
BRIC: Building Resilient Infrastructure and Communities	97.047			400,563	-
Total U.S. Department of Homeland Security				<u>611,439</u>	<u>-</u>
TOTAL FEDERAL AWARDS				<u>\$ 143,556,024</u>	<u>\$ 48,235,076</u>

See notes to the schedule of expenditures of federal awards.

Lake County, Illinois

**Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2020**

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, 2020. 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% 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
IDHS	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
IEPA	Illinois Environmental Protection Agency
IEMA	Illinois Emergency Management Agency
HFS	Illinois Department of Healthcare and Family Services
CDPH	Chicago Department of Public Health
AFC	Aids Foundation of Chicago
IDNR	Illinois Department of Natural Resources
CMAP	Chicago Metropolitan Agency for Planning
IDPH	Illinois Department of Public Health

Lake County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2020

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor 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 programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes No

Identification of major programs:

CFDA
Numbers

Names of Federal Programs

14.218

CDGB Entitlement Grants Cluster:
Community Development Block
Grants/Entitlement Grants

21.019

COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$4,306,681

Auditee qualified as low-risk auditee? Yes No

Lake County, Illinois

**Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2020**

II. Financial Statement Findings

Finding 2020-001: Inventory Accrual Adjustment

Criteria: Expenses that support general routine system maintenance and repairs should be expensed as incurred.

Condition: The Public Works Department of Lake County maintained an “Inventory Accrual Account” with a debit balance of \$1,172,865 and which was grouped with liabilities for financial statement purposes. Upon review, management determined that this account was an accumulation of expenses dating back to 2016 that resulted from a series of systematic processes that should have been initiated by a system user and had not been performed since the departure of the previous Public Works’ Administrative leadership. These processes should have zeroed out (credited) the Inventory Accrual Account and debited the appropriate expense accounts that were associated with work orders in the Enterprise Asset Management (EAM) module.

The EAM module accounts for a variety of physical parts and materials (hardware, plumbing, electrical parts, and supplies) which are utilized on work orders that support general routine system maintenance, repairs, and/or capital rehabs and/or construction projects. A review of the transactions in the system from 2016–2019 indicated that none of these work orders reached the capitalization threshold and should have been expensed as the parts were utilized.

Cause: Due to a staffing change that included no opportunity for knowledge transfer, the processes were not run between 2016 – 2019 and therefore, the processes that cleared the Inventory Accrual Account and moved the transactions into the expense accounts were not performed.

Effect: Net position as of November 30, 2019 was overstated by \$1,172,865 for both the business-type activities and the public works enterprise fund. Beginning net position in the November 30, 2020 financial statements was restated to correct the error.

Recommendation: We recommend that management routinely review all trial balance accounts as part of the financial reporting process. Additionally, we recommend that management explore the option of incorporating all manual processes into the various series of automatic processes that currently occur with the County’s software on a nightly basis.

Views of responsible officials: The County’s management agrees with the aforementioned finding. See management’s corrective action plan.

III. Findings and Questioned Costs for Federal Awards

No matters were reported.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED NOVEMBER 30, 2020**

Identifying Number FS2019-001

Finding: The General Obligation Road Bonds (Sales Tax Alternative Revenue Source), Series 2013, had an interest and principal payment in the amount of \$6,408,125 due on November 30, 2019. The County did not make the interest and principal payment until December 5, 2019. As a result, the County was required to file a material disclosure on the Electronic Municipal Market Access (EMMA) website on December 9, 2019, acknowledging the delinquency in accordance with the Security Exchange Act. The County was also required to discuss the delinquency with S&P Global Ratings which did not result in any change to the County's bond rating.

LAKE COUNTY CORRECTIVE ACTIONS COMPLETED:

Lake County successfully implemented the following corrective actions below to ensure that all debt service payments are paid on or before the date due. This finding has been resolved during fiscal year 2020.

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. All required disclosures were made in a timely basis.	Patrice Sutton, Chief Financial Officer	Completed December 9, 2019
2. Cross-training has occurred within the Finance Department and the Treasurer's Office to ensure multiple layers of accountability for payment of the debt service.	Patrice Sutton, Chief Financial Officer Department of Finance and Administrative Services staff	Completed December 2019
3. Contact information was updated with the County's Paying Agent to ensure timely notifications and ability to confirm receipt of all County debt service payments.	Patrice Sutton, Chief Financial Officer	Completed December 2019



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED NOVEMBER 30, 2020**

Identifying Number FS2019-002

Finding: 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 a prepaid expense asset for any goods received or services performed after the end of the year which were paid prior to the year-end. The County did not properly record prepaid expense assets for invoices paid prior to year-end that pertained to fiscal year 2020. The lack of adequate controls and monitoring procedures led to the understatement of prepaid expenses and the overstatement of expenditures at year-end.

LAKE COUNTY CORRECTIVE ACTIONS Completed:

Lake County implemented the following corrective actions below to address this finding. The County believes that all significant expenditures are appropriately reported in fiscal year 2020.

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. Some County contracts have annual or other frequency of terms that do not align with the fiscal year. The Purchasing Division within Finance and Administrative Services will attempt to align more contracts with the fiscal year to avoid the prepaid expense accounting issue.	Patrice Sutton, Chief Financial Officer	Ongoing throughout Fiscal Year 2020 and upon renewal of existing contracts
2. Training will be conducted with County-wide financial liaisons in each department to explain prepaid expenses on contracts, since the accounting treatment is first determined at the departmental level.	Patrice Sutton, Chief Financial Officer	Fall 2020
3. Multi-year contracts that include twelve months of activity in the fiscal year, in which the contracted amount may have changed only slightly, may continue to be accounted for as is.	Patrice Sutton, Chief Financial Officer	Ongoing throughout Fiscal Year 2020 and upon renewal of existing contracts



**CORRECTIVE ACTION PLAN
YEAR ENDED NOVEMBER 30, 2020**

Identifying Number: 2020-001

Finding: Expenses that support general routine system maintenance and repairs should be expensed as incurred. Due to a staffing change in Public Works that included no opportunity for knowledge transfer, manual processes that cleared the Inventory Accrual Account and moved the transactions into the expense accounts were not performed between 2016 – 2019. Net position as of November 30, 2019 was overstated by \$1,172,865 for both the business-type activities and the public works enterprise fund. Beginning net position in the November 30, 2020 financial statements was restated to correct the error.

Lake County Corrective Actions Taken:

Analysis was conducted to ensure that this was an isolated issue associated with the Enterprise Asset Management (EAM) module of Oracle, which is used only by Public Works. Public Works is pursuing the replacement of the existing system, which is anticipated to bring improvements to asset management.

Corrective Action Planned	Name of Responsible Person	Anticipated Completion Date
1. Public Works staff worked with County Information Technology to gain a full understanding of the system processes that needed to be manually initiated on a routine basis to clear the inventory accrual account and record the appropriate expense.	Andrea Norwood, Finance Operations Manager, Public Works	Completed
2. Routinely execute the necessary processes to clear inventory accrual for inventory that is applied to work orders to the appropriate expense account.	Andrea Norwood, Finance Operations, Manager, Public Works	Completed and ongoing
3. Routinely review and monitor associated account balances for unusual activity or balances.	Andrea Norwood, Finance Operations Manager, Public Works Austin McFarlane, Interim Director, Public Works	Completed and ongoing