

LAKE COUNTY FOREST PRESERVE DISTRICT

REPORT ON FEDERAL AWARDS

For the Period Ended December 31, 2019

LAKE COUNTY FOREST PRESERVE DISTRICT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the District Board
Lake County Forest Preserve District
Libertyville, Illinois

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 Lake County Forest Preserve District, Illinois as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Lake County Forest Preserve District's basic financial statements, and have issued our report thereon dated June 26, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Preservation Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Preservation Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

The District's Response to Finding

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
June 26, 2020



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

INDEPENDENT AUDITORS' REPORT

To the District Board
Lake County Forest Preserve District
Libertyville, Illinois

Report on Compliance for Each Major Federal Program

We have audited Lake County Forest Preserve District's 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 District's major federal programs for the period ended December 31, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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 period ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-004 and 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the District 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 District'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 District'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-006, that we consider to be significant deficiencies.

District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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 Lake County Forest Preserve District, Illinois as of and for the period ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Lake County Forest Preserve District's basic financial statements. We issued our report thereon dated June 26, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Oak Brook, Illinois
August 13, 2020

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended December 31, 2019

| Federal Grantor/ Program Title | CFDA Number | Pass-through Agency | Pass-through Agency Grant Number | Federal Expenditures | Payments Made to Subrecipients |
|--|----------------|--|--|-------------------------|--------------------------------------|
| FEDERAL PROGRAMS | | | | | |
| U.S. DEPARTMENT OF THE INTERIOR | | | | | |
| Great Lakes Restoration | | | | | |
| Connecting Coastal Wetlands, Habitat Restoration for Species of Concern | 15.662 | National Fish & Wildlife Foundation | 0501.17.056218 | \$ 858,016 | \$ 61,901 |
| Connecting Coastal Wetlands, Habitat Restoration for Species of Concern | 15.662 | N/A | N/A | 77,000 | - |
| Total Greak Lakes Restoration | | | | <u>935,016</u> | <u>61,901</u> |
| National Fish and Wildlife Foundation Landscape-Scale restoration at Middlefork Savanna | 15.663 | National Fish & Wildlife Foundation | 2005.16.054492 | <u>7,954</u> | <u>-</u> |
| Total U.S. Department of the Interior | | | | <u>942,970</u> | <u>61,901</u> |
| U.S. DEPARTMENT OF COMMERCE | | | | | |
| Coastal Zone Management Admininstration Awards | 11.419 | Department of Natural Resources | 422-30-0103 | <u>52,000</u> | <u>-</u> |
| Total U.S. Department of Commerce | | | | <u>52,000</u> | <u>-</u> |
| U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY | | | | | |
| Great Lakes Program | 66.469 | Department of Natural Resources | 422-30-0122 | <u>40,000</u> | <u>-</u> |
| Nonpoint Source Implementation Grants | | | | | |
| IL EPA Section 319, Nonpoint Source Pollution Control | 66.460 | IL EPA Lake County Stormwater Management | 378-2141 | 748,108 | - |
| IL EPA Section 319, Nonpoint Source Pollution Control | 66.460 | | 3191915 | <u>171,897</u> | <u>-</u> |
| Total Nonpoint Source Implementation Grants | | | | <u>920,005</u> | <u>-</u> |
| Total U.S. Department of Environmental Protection Agency | | | | <u>960,005</u> | <u>-</u> |
| U.S. DEPARTMENT OF AGRICULTURE (USDA) | | | | | |
| Urban and Community Forestry Program | 10.675 | N/A | N/A | <u>81,998</u> | <u>-</u> |
| Total U.S. Department of Agriculture (USDA) | | | | <u>81,998</u> | <u>-</u> |
| TOTAL FEDERAL PROGRAMS | | | | <u>\$ 2,036,973</u> | <u>\$ 61,901</u> |

See accompanying notes to schedule of expenditures of federal awards.

LAKE COUNTY FOREST PRESERVE DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Period Ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of Lake County Forest Preserve District under programs of the federal government for the eighteen month period ended December 31, 2019. 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect cost rate.

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS' 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 X no
- > Significant deficiency (ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes X no

FEDERAL AWARDS

Internal control over major programs:

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

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

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

 X yes _____ no

Auditee qualified as low-risk auditee?

_____ yes X no

Identification of major federal programs:(B)

CFDA Numbers

15.662
66.460

Name of Federal Program or Cluster

Great Lakes Restoration
Nonpoint Source Implementation Grants

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

 \$750,000

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

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

Finding 2019-001: Segregation of Duties – Journal Entries (repeat finding 2018-001)

Criteria: A properly functioning internal control system should encompass the entirety of the District's operations. The entry of Journal Entries into the General Ledger should be reviewed on a regular basis.

Condition: Employees tasked with reviewing manual journal entries also have the ability to manually enter journal entries, with no review requirement to be posted.

Cause: The District does not have a proper internal control system in place to address this issue.

Effect: District employees have ability to enter erroneous or fictitious journal entries into the general ledger without being reviewed.

Recommendations for Corrective Action: We recommend that the District implement a more effective internal control system for entering journal entries.

Management Response: Management concurs with this finding and has taken steps to review all journal entries on a regular basis and to keep records of said review.

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

| | |
|-------------------------------|--|
| Finding No. | 2019-002 |
| CFDA No. | 15.662 |
| Identifying Number: | 0501.17.056218, N/A |
| Program Title: | Great Lakes Restoration |
| Federal Agency: | U.S. Department of the Interior |
| Pass-through Agency: | National Fish and Wildlife Foundation |
| Criteria: | Per CFR 200.303, "The non-Federal entity must...establish and maintain effective internal control over the Federal award...These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States and the 'Internal Control Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission." |
| Condition/Context: | There is no documented review or approval of the District's reimbursement requests, including matching amounts, by an employee who is not the preparer. |
| Effect: | Improper review procedures could result in inaccurate reimbursement requests, including matching amounts. |
| Questioned Costs: | N/A |
| Recommendation: | We recommend the District assign an employee to document their review & approve the reimbursement requests, including matching amounts, who is not the preparer of the request. |
| Management's Response: | Management concurs with this response. Management has taken steps to ensure that going forward additional staff will review and document the review of all draw requests prior to them being initiated. |

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

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

| | |
|-------------------------------|--|
| Finding No. | 2019-003 |
| CFDA No. | 66.460 |
| Identifying Number: | 378-2141, 3191915 |
| Program Title: | Nonpoint Source Implementation Grants |
| Federal Agency: | U.S. Environmental Protection Agency |
| Pass-through Agency: | Illinois Environmental Protection Agency |
| Criteria: | Per CFR 200.303, "The non-Federal entity must...establish and maintain effective internal control over the Federal award...These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States and the 'Internal Control Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission." |
| Condition/Context: | There is no documented review or approval of the District's reimbursement requests, including matching amounts, by an employee who is not the preparer. |
| Effect: | The District could submit inaccurate reimbursement requests, including matching amounts. |
| Questioned Costs: | N/A |
| Recommendation: | We recommend the District assign an employee to document their review & approve the reimbursement requests, including matching amounts, who is not the preparer of the request. |
| Management's Response: | Management concurs with this response. Management has taken steps to ensure that going forward additional staff will review and document the review of all draw requests prior to them being initiated. |

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

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

| | |
|-------------------------------|---|
| Finding No. | 2019-004 |
| CFDA No. | 15.662 |
| Identifying Number: | 0501.17.056218, N/A |
| Program Title: | Great Lakes Restoration |
| Federal Agency: | U.S. Department of the Interior |
| Pass-through Agency: | National Fish and Wildlife Foundation |
| Criteria: | 2 CFR 200.321(a): The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. |
| Condition/Context: | Per review of the District's Procurement Policy, there is no clause that specifies taking affirmative steps to assure the specified businesses are used when possible. |
| Effect: | The District may not contract with businesses that are minority or women owned when deemed possible. |
| Questioned Costs: | N/A |
| Recommendation: | We recommend updating the procurement policy to include a clause that ensures affirmative steps are taken to ensure minority or women owned businesses are contracted when possible. |
| Management's Response: | Management is currently reviewing this finding with its legal counsel and drafting proposed language for its purchasing policy. |

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

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

| | |
|-------------------------------|---|
| Finding No. | 2019-005 |
| CFDA No. | 66.460 |
| Identifying Number: | 378-2141, 3191915 |
| Program Title: | Nonpoint Source Implementation Grants |
| Federal Agency: | U.S. Environmental Protection Agency |
| Pass-through Agency: | Illinois Environmental Protection Agency |
| Criteria: | 2 CFR 200.321(a): The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. |
| Condition/Context: | Per review of the District's Procurement Policy, there is no clause that specifies taking affirmative steps to assure the specified businesses are used when possible. |
| Effect: | The District may not contract with businesses that are minority or women owned. |
| Questioned Costs: | N/A |
| Recommendation: | We recommends updating the procurement policy to include a clause that ensures affirmative steps are taken to ensure minority or women owned businesses are contracted when possible. |
| Management's Response: | Management is currently reviewing this finding with its legal counsel and drafting proposed language for its purchasing policy. |

LAKE COUNTY FOREST PRESERVE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Period Ended December 31, 2019

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

Finding No. 2019-006

CFDA No. 66.460

Identifying Number: 378-2141, 3191915

Program Title: Nonpoint Source Implementation Grants

Federal Agency: U.S. Environmental Protection Agency

Pass-through Agency: Illinois Environmental Protection Agency

Criteria: Per CFR 200.303, "The non-Federal entity must...establish and maintain effective internal control over the Federal award...These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States and the 'Internal Control Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission."

Condition/Context: There is no documented review or approval of the District's grant project reports by an employee who is not the preparer.

Effect: The District could submit inaccurate grant project reports.

Questioned Costs: N/A

Recommendation: We recommend the District assign an employee to document their review & approve the grant project reports who is not the preparer of the report.

Management's Response: Management Concurs with this response. Management has taken steps to ensure that going forward additional staff will review and document the review of all project reports prior to them being initiated.