

# Lake County Forest Preserve District

Reports Required by OMB Circular A-133 and  
*Government Auditing Standards*

Year Ended June 30, 2014



Assurance ■ Tax ■ Consulting

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**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 President and Members of the Board of Commissioners  
Lake County Forest Preserve District  
Libertyville, Illinois

We have audited, in accordance with 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 the Lake County Forest Preserve District (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2014. The financial statements of the Preservation Foundation of the Lake County Forest Preserves, a discretely presented component unit, 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 of the Lake County Forest Preserves. During the year ended June 30, 2014, the District adopted the reporting and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 cursive script that reads "McGladrey LLP".

Chicago, Illinois  
December 4, 2014



**Independent Auditor's Report on Compliance for the Major  
Program; Report on Internal Control Over Compliance; and Report on the  
Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

To the Honorable President and Members of the Board of Commissioners  
Lake County Forest Preserve District  
Libertyville, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the Lake County Forest Preserve District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2014. The District's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the 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 the major federal program for the year ended June 30, 2014.

## **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Lake County Forest Preserve District as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 4, 2014, 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 OMB Circular A-133 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.

*McGladrey LLP*

Chicago, Illinois  
December 4, 2014

Lake County Forest Preserve District

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Urban and Community Forestry Program	10.675	NA	\$ 31,948 <u>31,948</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Illinois Coastal Management Program	11.419	NA	<u>22,139</u> <u>22,139</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
<i>Passed Through National Fish and Wildlife Foundation:</i> Great Lakes Restoration	15.662	NA	328,915
<i>Passed Through Alliance for the Great Lakes:</i> Great Lakes Restoration	15.662	NA	<u>38,473</u> <u>367,388</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Highway Planning and Construction Cluster: <i>Passed Through Illinois Department of Transportation:</i> Highway Planning & Construction	20.205	12-F3000-01-BT	192,754
Highway Planning & Construction	20.205	10-F3000-00-BT	9,450
<i>Passed Through Illinois Department of Natural Resources:</i> Recreational Trails Program	20.219	RTP 12-95	<u>200,000</u> <u>402,204</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through U.S. Department of Agriculture:</i> Nonpoint Source Implementation Grants - Ethel's Woods	66.460	NA	<u>126,905</u> <u>126,905</u>
Great Lakes Program	66.469	65-5a12-11-303	6,585
<i>Passed Through University of Wisconsin:</i> Great Lakes Program	66.469	NA	<u>6,124</u> <u>12,709</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 963,293</u></b>

See Notes to Schedule of Expenditures of Federal Awards.



## Lake County Forest Preserve District

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

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#### Note 1. Scope of Review

The Lake County Forest Preserve District (District) was created by referendum on November 4, 1958, and is governed by the Downstate Forest Preserve District Act, Illinois Compiled Statutes, Chapter 701. The boundaries of the District are co-terminus with the boundaries of Lake County. The District had a single audit performed for its fiscal year ended June 30, 2014, pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133.

#### Note 2. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The District reporting entity is defined in the notes to the District's basic financial statements. The District reports all component units in its basic financial statements. However, the District has excluded federal awards (if any) granted to its component unit, the Preservation Foundation of the Lake County Forest Preserves (the Foundation). The Foundation was not required to have a single audit performed for fiscal year 2014. This schedule includes all federal financial awards received directly from federal agencies by the District (primary government) as well as federal financial awards passed through other government agencies.

#### Note 3. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. Expenditures are recognized at the time liabilities are incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### Note 4. Subrecipients

Great Lakes Restoration funds were provided to subrecipients by the District as follows:

Subrecipient Name	Federal CFDA Number	Amount
The Nature Conservancy	15.662	\$66,523
Wisconsin Department of Natural Resources	15.662	19,924

#### Note 5. Non Cash Assistance

There was no non cash assistance received during the year ended June 30, 2014.

**Lake County Forest Preserve District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: 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 weaknesses identified?                     Yes             No

Significant deficiency(ies) identified?             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 510(a) of Circular A-133?             Yes             No

Identification of major program:

CFDA Number

15.662

Name of Federal Program or Cluster

Great Lakes Restoration

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

\$300,000

Auditee qualified as low-risk auditee?             Yes             No

**Lake County Forest Preserve District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2014**

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**II. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs for federal awards.

**Lake County Forest Preserve District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014**

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**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

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