

CITY OF JACKSONVILLE, ILLINOIS

FEDERAL SINGLE AUDIT REPORT

December 31, 2018

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INDEPENDENT AUDITORS' 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	1
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INDEPENDENT AUDITORS' 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

Honorable Mayor and Members
of the City Council
City of Jacksonville, 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, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Jacksonville, Illinois' basic financial statements, and have issued our report thereon dated June 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jacksonville, Illinois' 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 City of Jacksonville, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jacksonville, Illinois' 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. 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 City of Jacksonville, Illinois' 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*.

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.

Zumbahlen, Eyth, Surratt, Foote & Flynn, Ltd.

Jacksonville, Illinois
June 10, 2019

ZUMBAHLEN, EYTH, SURRATT, FOOTE & FLYNN, LTD

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members
of the City Council
City of Jacksonville, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Jacksonville, Illinois' 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 City of Jacksonville, Illinois' major federal programs for the year ended December 31, 2018. The City of Jacksonville, Illinois' 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 the requirements of 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 City of Jacksonville, Illinois' 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 City of Jacksonville, Illinois' 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 City of Jacksonville, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Jacksonville, Illinois, 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 December 31, 2018.

Report on Internal Control over Compliance

Management of the City of Jacksonville, Illinois, 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 City of Jacksonville, Illinois' 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 City of Jacksonville, Illinois' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Jacksonville, Illinois' basic financial statements. We issued our report thereon dated June 10, 2019, 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.

Zumbahlen, Eyth, Surratt, Foote & Flynn, Ltd.

Jacksonville, IL
June 10, 2019

City of Jacksonville, Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Jacksonville, Illinois were prepared in accordance with Generally Accepted Accounting Principles (GAAP).
2. No significant deficiencies are reported in the *Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the City of Jacksonville, Illinois, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for the City of Jacksonville, Illinois expresses an unmodified opinion on all major federal programs.
6. The audit of the major federal award programs of the City of Jacksonville, Illinois did not disclose any audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was: Environmental Protection Agency, Capitalization Grants for Clean Water State Revolving Funds CFDA #66.458.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Jacksonville, Illinois, was not determined to be a low-risk auditee.
10. City of Jacksonville, Illinois had no audit findings from prior year.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT – NONE

CITY OF JACKSONVILLE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF JUSTICE - DIRECT PROGRAMS Equitable Sharing Funds	16.922	

Total CFDA 16.922

TOTAL U.S. DEPARTMENT OF JUSTICE

U.S. DEPARTMENT OF AGRICULTURE - PASSED THROUGH ILLINOIS LAW ENFORCEMENT TRAINING STANDARDS BOARD Law Enforcement Agreements	10.704	1669-6129
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Total CFDA 10.704

TOTAL U.S. DEPARTMENT OF AGRICULTURE

U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES - PASSED THROUGH ILLINOIS SECRETARY OF STATE Library Services and Technology Grant	45.310	
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Total CFDA 45.310

TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES

U.S. DEPARTMENT OF HOMELAND SECURITY - DIRECT PROGRAMS Staffing for Adequate Fire and Emergency Response Grant	97.083	
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Total CFDA 97.083

TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY

U.S. ENVIRONMENTAL PROTECTION AGENCY - OFFICE OF WATER PASSED THROUGH ILLINOIS ENVIRONMENTAL PROTECTION AGENCY Capitalization Grants for Clean Water State Revolving Funds	66.458	L175124
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Total CFDA 66.458 ***

TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY

TOTAL FEDERAL AWARDS

*** Indicates Major Program

Revenue Recognized	Expenditures
\$ <u>47,115</u>	\$ <u>47,115</u>
<u>47,115</u>	<u>47,115</u>
<u>47,115</u>	<u>47,115</u>
\$ <u>45,555</u>	\$ <u>45,555</u>
<u>45,555</u>	<u>45,555</u>
<u>45,555</u>	<u>45,555</u>
\$ <u>4,000</u>	\$ <u>4,000</u>
<u>4,000</u>	<u>4,000</u>
<u>4,000</u>	<u>4,000</u>
\$ <u>127,658</u>	\$ <u>127,658</u>
<u>127,658</u>	<u>127,658</u>
<u>127,658</u>	<u>127,658</u>
\$ <u>-</u>	\$ <u>861,733</u>
<u>-</u>	<u>861,733</u>
<u>-</u>	<u>861,733</u>
\$ <u>224,328</u>	\$ <u>1,086,061</u>

City of Jacksonville, Illinois

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2018

Note 1 – Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Jacksonville, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Relationship to Basic Financial Statements

Federal awards received are reflected in the City's financial statements as revenue from federal sources.

Note 2 – Amounts Provided to Sub-recipients

The City did not provide any Federal assistance to sub-recipients during the year ended December 31, 2018

Note 3 – Non-Cash Assistance

The City of Jacksonville, Illinois did not receive or disburse any Federal non-cash assistance during the year ended December 31, 2018

Note 4 – Reconciliation of Financial Statement Federal Revenues to Schedule of Expenditures of Federal Awards

Federal Revenues Per Financial Statements	\$	224,328
Federal Funds Spent on City Road Improvements on Behalf of the City by the Illinois Department of Transportation Not Included on the City's Schedule of Expenditures of Federal Awards		0
Noncash Assistance Not Included in Financial Statements		<u>0</u>
Federal Revenues Per Schedule of Expenditures of Federal Awards	\$	<u>224,328</u>

City of Jacksonville, Illinois

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2018

Note 5 – Federal Insurance

City of Jacksonville, Illinois had no Federal insurance in effect during the year ended December 31, 2018.

Note 6 – Federal Loans/Loan Guarantees

During the year ending December 31, 2018, the City received additional Federal loans totaling \$861,733. The ending balance of the loan which includes Federal funds is \$29,628,825 as of December 31, 2018.

Note 7 – Indirect Costs

City of Jacksonville, Illinois did not elect to use the 10% de minimis indirect cost rate for Federal programs.