

CITY OF JACKSONVILLE, ILLINOIS

FEDERAL SINGLE AUDIT REPORT

December 31, 2013

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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 City of Jacksonville, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City of Jacksonville, Illinois' basic financial statements, and have issued our report thereon dated June 19, 2014.

### **Internal Control over Financial Reporting**

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

A handwritten signature in black ink, appearing to read "James G. Smith". The signature is written in a cursive style and is positioned to the right of the date and location text.

June 19, 2014  
Jacksonville, Illinois

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

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

We have audited City of Jacksonville, Illinois' 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 each of City of Jacksonville, Illinois' major federal programs for the year ended December 31, 2013. City of Jacksonville, Illinois' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 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 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 City of Jacksonville, Illinois' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, 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, 2013.

### **Report on Internal Control over Compliance**

Management of 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 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 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 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. 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.



City of Jacksonville, Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the City of Jacksonville, Illinois.
2. No reportable conditions relating to the audit of the general purpose financial statements 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 general purpose financial statements of the City of Jacksonville, Illinois were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the *Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the City of Jacksonville, Illinois expresses an unqualified opinion.
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.
7. The program tested as a major program included: 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 \$300,000.
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 STATEMENTS AUDIT REPORTABLE CONDITIONS

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, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
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U.S. DEPARTMENT OF JUSTICE - BUREAU OF JUSTICE ASSISTANCE

Edward Byrne Memorial Justice Assistance Grant Program	16.738	
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**Total CFDA 16.738**

**TOTAL U.S. DEPARTMENT OF JUSTICE**

U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH  
ILLINOIS EMERGENCY MANAGEMENT AGENCY

Emergency Management Performance Grant	97.042	
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**Total CFDA 97.042**

**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	
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**Total CFDA 66.458 \*\*\***

**TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY**

**TOTAL FEDERAL AWARDS**

\*\*\* Indicates Major Program

Revenue Recognized	Expenditures
\$ <u>5,460</u>	\$ <u>5,460</u>
<u>5,460</u>	<u>5,460</u>
<u>5,460</u>	<u>5,460</u>
\$ <u>32,793</u>	\$ <u>32,793</u>
<u>32,793</u>	<u>32,793</u>
<u>32,793</u>	<u>32,793</u>
\$ <u>-</u>	\$ <u>830,684</u>
<u>-</u>	<u>830,684</u>
<u>-</u>	<u>830,684</u>
\$ <u><b>38,253</b></u>	\$ <u><b>868,937</b></u>

City of Jacksonville, Illinois

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2013

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, 2013

Note 3 – Non-Cash Assistance, Federal Insurance, Loans or Loan Guarantees

The City of Jacksonville, Illinois did not receive or disburse any Federal non-cash assistance during the year ended December 31, 2013. In addition, the City did not have any Federal insurance in effect during the year and there were no Federal loans or loan guarantees outstanding at year end.