

**CITY OF SPRINGFIELD, ILLINOIS**

**SINGLE AUDIT REPORT**

For the Year Ended  
February 28, 2017



**CITY OF SPRINGFIELD, ILLINOIS**  
**SINGLE AUDIT REPORT**  
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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 Mayor  
and Members of the City Council  
City of Springfield, 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, each major fund, and the aggregate remaining fund information of the City of Springfield, Illinois (City) as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the City of Springfield, Illinois' basic financial statements and have issued our report thereon dated September 25, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 were not identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness (2017-001).

## **Compliance and Other Matters**

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

### City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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**

This 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

Springfield, Illinois  
September 25, 2017

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**INDEPENDENT AUDITOR’S 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**

To the Honorable Mayor  
and Members of the City Council  
City of Springfield, Illinois

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

We have audited City of Springfield, Illinois’ (City) 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’s major federal programs for the year ended February 28, 2017. The City’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 City’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 City’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 City’s compliance.

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

In our opinion, the City 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 February 28, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the City 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'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 City'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.

This 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 Springfield, Illinois, as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 25, 2017, 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 City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of those 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.

*Sikich LLP*

Springfield, Illinois  
November 16, 2017

**CITY OF SPRINGFIELD, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 28, 2017

<b>Federal Grantor / Pass-Through Grantor / Program Title</b>	<b>CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Direct Programs			
Joint Terrorism Task Force	97.U01		\$ 5,446
Passed-through Federal Emergency Management Agency			
Assistance to Firefighters Grant	97.044	EMW-2014-FP-00147	3,450
Assistance to Firefighters Grant	97.044	EMW-2014-FO-01903	56,026
Assistance to Firefighters Grant	97.044	EMW-2015-FP-00074	3,073
Total Assistance to Firefighters Grant			<u>62,549</u>
Passed-through Illinois Law Enforcement Alarm System			
Homeland Security Grant Program	97.067		<u>50,015</u>
Total U.S. Department of Homeland Security			<u>118,010</u>
<b><u>U.S. Department of Transportation</u></b>			
Highway Safety Cluster			
Passed-through Illinois Department of Transportation			
State and Community Highway Safety	20.600	AP-16-0092	12,123
National Priority Safety Programs	20.616	AP-17-0125	11,165
Total Highway Safety Cluster			<u>23,288</u>
Direct Programs			
National Infrastructure Investments	20.933 *	FR-TII-0021-14-01-00	2,252,287
Highway Planning and Construction Cluster			
Passed-through Illinois Department of Transportation			
Highway Planning and Construction	20.205	HPD-0745(001)	8,205
Highway Planning and Construction	20.205	M-5146(064)	32,000
Highway Planning and Construction	20.205	TE-00D6(104)	219
Highway Planning and Construction	20.205	HPP-TE-00D6(099)	2,774
Highway Planning and Construction	20.205	HPP-4053 (004)	53,162
Total Highway Planning and Construction			<u>96,360</u>
Total Highway Planning and Construction Cluster			<u>96,360</u>
Total U.S. Department of Transportation			<u>2,371,935</u>

(Continued)

See accompanying Independent Auditor's Report.

**CITY OF SPRINGFIELD, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2017**

<b>Federal Grantor / Pass-Through Grantor / Program Title</b>	<b>CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
CDBG - Entitlement Grants Cluster			
Direct Programs			
Community Development Block Grants/Entitlement Grants	14.218 *	B-14-MC-17-0023	211,657
Community Development Block Grants/Entitlement Grants	14.218 *	B-15-MC-17-0023	<u>573,136</u>
Total Community Development Block Grants/Entitlement Grants			<u>784,793</u>
Total CDBG - Entitlement Grants Cluster			<u>784,793</u>
Home Investment Partnerships Program	14.239	M-11-MC-17-0209	24,900
Home Investment Partnerships Program	14.239	M-13-MC-17-0209	40,234
Home Investment Partnerships Program	14.239	M-14-MC-17-0209	169,186
Home Investment Partnerships Program	14.239	M-15-MC-17-0209	231,577
Home Investment Partnerships Program	14.239	M-16-MC-17-0209	<u>2,271</u>
Total Home Investment Partnerships Program			<u>468,168</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 1,252,961</u>
<b><u>U.S. Department of Justice:</u></b>			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0230	\$ 46,140
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0265	88,056
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0068	26,204
Edward Byrne Memorial Justice Assistance Grant Program	16.738	414504	<u>25,915</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			186,315
Equitable Sharing Program	16.922		90,197
Organized Crime Drug Enforcement Task Force	16.U01		8,050
Drug Enforcement Admn Task Force	16.U02		8,637
U.S. Marshal Task Force	16.U03		<u>15,171</u>
Total U.S. Department of Justice			<u>308,370</u>
<b><u>U.S. Equal Employment Opportunity Commission:</u></b>			
Direct Programs			
Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001	EECCN140025	<u>8,100</u>
Total U.S. Equal Employment Opportunity Commission:			<u>8,100</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 4,059,376</u></u>
<b>Amounts provided to subrecipients:</b>			
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-17-0023	\$ 152,048
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-17-0023	187,290
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0230	43,260
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0265	<u>6,740</u>
Total amounts provided to subrecipients			<u>\$ 389,338</u>

\* Denotes Major Federal Program

See accompanying Independent Auditor's Report.

# CITY OF SPRINGFIELD, ILLINOIS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended February 28, 2017

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### 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Springfield, Illinois (the City) for the year ended February 28, 2017. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue and met the available criteria. Revenue from federal awards is recognized within proprietary funds when the City has done everything necessary to establish its right to revenue. Expenditures and expenses of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement.

The City did not elect to use the 10% de minimis indirect cost rate.

### 3. FEDERAL LOAN PROGRAM

Under the Community Development Block Grant program (CFDA #14.218), the City administers loan programs which are accounted for in the Community Development Fund, a special revenue fund. As of February 28, 2017, the loans outstanding under these programs total \$250,096.

### 4. OTHER INFORMATION

There was no noncash assistance or federal insurance received by the City related to federal awards during the year ended February 28, 2017.

CITY OF SPRINGFIELD, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended February 28, 2017

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:

unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

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

unmodified

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

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

  X   Yes        No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.933	National Infrastructure Investments
14.218	Community Development Block Grants/Entitlement Grants

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

      \$750,000      

Auditee qualified as low-risk auditee?

       Yes   X   No

# CITY OF SPRINGFIELD, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended February 28, 2017

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### **Section II – Financial Statement Findings**

#### 2017-001 – Preparation of Financial Statements (Material Weakness)

*Criteria:* The City is required to maintain a system of controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) which includes having adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board.

*Condition:* Municipalities are responsible to maintain a system of internal controls over the preparation of financial statements including all required footnotes that are free of material errors and are in accordance with generally accepted accounting principles (GAAP). This includes preparing and/or thoroughly reviewing GAAP based financial statements to insure they are free of material misstatement.

*Cause and Effect:* Management was recording construction in progress additions based upon checks written during the fiscal year. As the payable accruals were not reviewed for additional construction in progress costs at the end of fiscal year 2016, the net assets as of March 1, 2016 have been restated to reflect the additional construction in progress resulting in an increase in net position in the governmental activities.

*Recommendation:* We recommend the City review accruals at the end of the fiscal year to identify any additional construction in progress costs that should be capitalized.

*Views of Responsible Officials:* Management agrees with this finding and their response is included in the corrective action plan.

# CITY OF SPRINGFIELD, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended February 28, 2017

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### Section III – Federal Award Findings

#### U.S. DEPARTMENT OF TRANSPORTATION

2017-002 – National Infrastructure Investments – CFDA No. 20.933, Grant No. FR-TII-0021-14-01-00, Year Ended February 28, 2017 (Repeat of prior year finding: 2016-001)

*Criteria:* The grant agreement states that the need to continuously and accurately report cost increases; schedule changes; deficient quality items; and the causes, impacts, and proposed measures to mitigate these issues is paramount to effectively managing, administering, and protecting the public investment in the project. Any apparent reporting deficiencies or questionable data should be completely resolved. Ultimately, the Grantee and the Government must be fully aware of the complete status of the project, and therefore be in a position to take appropriate action if necessary.

Section 14 of the grant agreement further indicates that the purpose of the calendar quarterly progress reports under the agreement for the TIGER Discretionary Grant program is to ensure that the project budget and schedule will be maintained to the maximum extent possible, that the project will be completed with the highest degree of quality, and that compliance with Federal regulations will be met.

*Condition:* During the single audit, instances of noncompliance with reporting requirements of the major program were noted. During testing of 1 of 4 quarterly Federal Financial Reports submitted to the Federal Railroad Administration (FRA) during the City's fiscal year 2017 we noted inaccurate reporting of expenditures. The City was overstating the Federal Share of Unliquidated Obligations by including the IDOT share of the Construction Contract Obligations. We noted the overstatement of this amount was fixed and reported correctly for the subsequent Federal Financial Reports submitted. Therefore, 1 of 4 quarterly Federal Financial Reports submitted during the City's fiscal year was inaccurately reporting expenditures.

Additionally, during testing of 2 of 4 Quarterly Progress Reports, we noted the amount reported as expended to date was not accurately completed. The expended to date amounts did not agree to support provided and the Federal Financial Reports submitted.

Statistical sampling was not used when making sample selections.

*Questioned Costs:* None

**CITY OF SPRINGFIELD, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended February 28, 2017

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**Section III – Federal Award Findings (Continued)**

**U.S. DEPARTMENT OF TRANSPORTATION (Continued)**

2017-002 – National Infrastructure Investments – CFDA No. 20.933, Grant No. FR-TII-0021-14-01-00, Year Ended February 28, 2017 (Repeat of prior year finding: 2016-001) (Continued)

*Cause and Effect:* Inaccurate reporting constitutes noncompliance with grant reporting requirements and may result in restricted funding in future periods. Additionally, the Government may not be fully aware of the complete status of the project, and therefore not be in a position to take appropriate action if necessary.

*Recommendation:* We recommend the City follow implement additional controls to ensure accurate reports are being submitted to Federal agencies.

*Views of Responsible Officials:* Management agrees with this finding and their response is included in the corrective action plan.

**CITY OF SPRINGFIELD, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended February 28, 2017

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**Section IV – Prior Finding Follow Up**

<b><u>Prior Finding</u></b>	<b><u>Condition</u></b>	<b><u>Status</u></b>
2016-001	Inaccurate reporting of expenditures and performance measures.	Partially repeated and Reported in Section III as Single Audit Finding #2017-002



OFFICE OF BUDGET AND MANAGEMENT  
CITY OF SPRINGFIELD, ILLINOIS

WILLIAM D. MCCARTY II  
DIRECTOR

CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

Year Ended February 28, 2017

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2017-001 – Preparation of Financial Statements

*Condition:* Municipalities are responsible to maintain a system of internal controls over the preparation of financial statements including all required footnotes that are free of material errors and are in accordance with generally accepted accounting principles (GAAP). This includes preparing and/or thoroughly reviewing GAAP based financial statements to insure they are free of material misstatement.

*Corrective Action Plan:* The City has changed their process to include a review of the year-end accounts payable listing to ensure the capitalization of accrued items that were not yet paid. In addition, the City will further investigate using the enterprise resource planning system for the recording of fixed assets instead of relying on manual tracking.

*Responsible Person for Corrective Action Plan:* Ramona Metzger, CPA, Comptroller

*Implementation Date for Corrective Action Plan:* February 28, 2018

2017-002 – National Infrastructure Investments – CFDA No. 20.933, Grant No. FR-TII-0021-14-01-00, Year Ended February 28, 2017 (Repeat of prior year finding: 2016-001)

*Condition:* During the single audit, instances of noncompliance with reporting requirements of the major program were noted. During testing of 1 of 4 quarterly Federal Financial Reports submitted to the Federal Railroad Administration (FRA) during the City's fiscal year 2017 we noted inaccurate reporting of expenditures. The City was inaccurately overstating the Federal Share of Unliquidated Obligations by including the IDOT share of the Construction Contract Obligations. We noted the overstatement of this amount was fixed and reported correctly for the subsequent Federal Financial Reports submitted. Therefore, 1 of 4 quarterly Federal Financial Reports submitted during the City's fiscal year was inaccurately reporting expenditures.

*Corrective Action Plan:* The City has implemented an additional review in order to ensure accurate reports are being submitted to Federal agencies.

*Responsible Person for Corrective Action Plan:* Nathan Bottom, Chief City Engineer

*Implementation Date for Corrective Action Plan:* February 28, 2018