

VILLAGE OF LOMBARD, ILLINOIS

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

VILLAGE OF LOMBARD, ILLINOIS

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VILLAGE OF LOMBARD, ILLINOIS

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Expenditures	Amount Provided to Subrecipients
Department of Justice	DuPage Metro Enforcement Group	Edward Byrne Memorial JAG Program	16.738	N/A	\$ 116,500	\$ -
Department of Justice	N/A	Equitable Sharing Program	16.922	N/A	99,530	-
Department of Transportation	Illinois Department of Transportation	STEP Grant	20.616	N/A	68,955	-
Department of Health and Human Services	Illinois Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	9,177	-
Environmental Protection Agency	Illinois Environmental Protection Agency	Capitalization Grants for Drinking Water State Revolving Funds	66.468	L175486	622,682	-
United States Department of Homeland Security		Assistance to Firefighters Grant	97.044	EMW-2016-FO-00401 *	318,069	-
TOTAL FEDERAL AWARDS EXPENDED					<u>1,234,913</u>	<u>-</u>

*Denotes major federal program

See accompanying notes to the schedule of expenditures of federal awards.

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**Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Village under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Pass-Through Entities

Pass-through entity identifying numbers are presented on the Schedule where available.

NOTE 3 – 10% De Minimis Indirect Cost Rate

The Village has selected to use the 10% de minimis indirect cost rate as permitted by 2 CFR Section 200.414



**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***

May 14, 2019

The Honorable Village President
Members of the Board of Trustees
Village of Lombard, 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 Village of Lombard, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 14, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weakness.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness (Finding 2018-001).

Internal Control over Financial Reporting – Continued

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. We did not identify any deficiencies in internal control that we consider to be significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Village in a separate letter dated May 14, 2019.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

May 14, 2019

The Honorable Village President
Members of the Board of Trustees
Village of Lombard, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Village of Lombard, Illinois' compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended December 31, 2018. The Village's major federal programs are identified in the summary of auditor's results section of the accompany schedule of findings and questioned costs.

Management 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 each of the Village'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 Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Uniform Guidance required 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 Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Lombard, 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 Village 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 Village'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 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 Village'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.

Schedule of Expenditures of Federal Awards

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 Village of Lombard, Illinois as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements. We issued our report thereon dated May 14, 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 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

VILLAGE OF LOMBARD, ILLINOIS

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2018**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	Yes
Significant deficiencies identified:	No
Noncompliance material to the financial statements noted:	No
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section .510(a):	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified:	No
Significant deficiencies identified:	No

Major programs identified:	
<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee:	Yes

VILLAGE OF LOMBARD, ILLINOIS

**Schedule of Findings and Questioned Costs – Continued
Year Ended December 31, 2018**

SECTION 2 – FINANCIAL STATEMENT AUDIT FINDINGS

Material Weakness

Finding 2018 – 001: Fund Balance Restatement

Condition: During audit fieldwork, our testing resulted in a fund balance restatement for capital assets in order to present materially accurate financial statements.

Criteria: A good system of internal controls would provide for accurate representations of capital asset balances for all City accounts prior to audit fieldwork.

Cause: Year-end entries related to beginning capital asset balances were required in order to accurately present the City’s financial statements.

Effect: The City’s financial statements were not fully adjusted prior to audit fieldwork.

Recommendation: A vital process of effective internal controls is the review and subsequent adjustment of capital asset balances to the capital asset policy in place.

Corrective Action Plan: The Director of Finance, along with staff, will review the capital asset detail and additions to ensure they are in accordance with the City’s capital asset policy prior to audit fieldwork.

VILLAGE OF LOMBARD, ILLINOIS

Schedule of Findings and Questioned Costs – Continued
Year Ended December 31, 2018

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

VILLAGE OF LOMBARD, ILLINOIS

**Schedule of Findings and Questioned Costs – Continued
Year Ended December 31, 2018**

SECTION 4 – PRIOR YEAR AUDIT FINDINGS

None