Village of Downers Grove

Single Audit Reports

December 31, 2016

BKD LLP
CPAs & Advisors

Village of Downers Grove

Single Audit Reports

December 31, 2016

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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 the Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
Village of Downers Grove
Downers Grove, 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 basic 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 Village of Downers Grove (Village), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report, thereon dated June 9, 2017.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Village's 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.

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 basic 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.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Compliance and Other Matters

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

We noted certain matters that we reported to the Village's management in a separate letter dated June 9, 2017.

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

BKD, LLP

Oakbrook Terrace, Illinois
June 9, 2017

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Village Council
Village of Downers Grove
Downers Grove, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Village of Downers Grove's (Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2016. The Village'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 federal statutes, regulations, contracts 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 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 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 Village'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 its major federal program. However, our audit does not provide a legal determination of the Village's compliance.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion on the Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its 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 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.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Downers Grove as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements. We issued our report thereon dated June 9, 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 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.

BKD, LLP

Oakbrook Terrace, Illinois
June 9, 2017

Village of Downers Grove
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grantor /Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Contract Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through				
DuPage County				
Community Development Block Grant	14.269	CDBG-DR-13	$ -	$ 232,384
Total CDBG - Disaster Recovery Grants Cluster			-	232,384
Total U.S. Department of Housing and Urban Development			-	232,384
U.S. Department of Interior				
Passed through				
Illinois Historic Preservation Agency				
Certified Local Government Matching Grant Program	15.904	CL-2016-0248	-	3,209
Total U.S. Department of Interior			-	3,209
U.S. Department of Justice				
Passed through				
Drug Enforcement Agency				
Organized Crime Drug Enforcement Taskforce	16.111	Multiple	-	25,888
Bulletproof Vest Program	16.607	N/A	-	1,326
Equitable Sharing Program	16.922	N/A	-	25,855
Total U.S. Department of Justice			-	53,069
U.S. Department of Transportation				
Passed through				
Illinois Department of Transportation				
State and Community Highway Safety	20.600	AP-17-0073	-	5,351
National Priority Safety Grants	20.616	AP-16-0109	-	8,063
Total Highway Safety Cluster			-	13,414
Total U.S. Department of Transportation			-	13,414
U.S. Environmental Protection Agency				
Passed through				
Illinois Environmental Protection Agency				
Capitalization Grants for Drinking Water Revolving Funds	66.468	L175335	-	* 1,257,357
Total Drinking Water State Revolving Fund Cluster			-	1,257,357
Total U.S. Environmental Protection Agency			-	1,257,357
Total Expenditures of Federal Awards			$ -	$ 1,559,433

* Denotes major program.

Village of Downers Grove

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2016

Note 1: Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Village under programs of the federal government for the year ended December 31, 2016. The accompanying notes are an integral part of this Schedule. 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). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the net position, changes in revenues, expenses, and changes in fund net position or cash flows of the Village.

Note 2: Basis of Presentation

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowance or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Village has elected not to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

Note 3: Federal Loans

The federal loan program listed subsequently is administered directly by the Village, and balances and transactions relating to this program are included in the Village's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2016, consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2016
66.468	Drinking Water State Revolving Fund Cluster	$1,257,357

Village of Downers Grove

Schedule of Findings and Questioned Costs

Year Ended December 31, 2016

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the basic financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

Village of Downers Grove

Schedule of Findings and Questioned Costs

Year Ended December 31, 2016

7. The Village's major program was:

Cluster/Program	CFDA Number
Drinking Water State Revolving Fund Cluster	66.468

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Village qualified as a low-risk auditee?

☐ Yes ☒ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Village of Downers Grove
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2016

Reference Number	Summary of Finding	Status
	No matters are reportable.	