

CITY OF FREEPORT, ILLINOIS

ATTESTATION ENGAGEMENT
RELATED TO SECTION 5311
GRANT REIMBURSEMENT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2017

**CITY OF FREEPORT, ILLINOIS
ATTESTATION ENGAGEMENT RELATED TO SECTION 5311 GRANT REIMBURSEMENT**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
 BASIC FINANCIAL STATEMENTS	
Section 5311 Annual Financial Report.....	3
Section 5311 Grant Reimbursement	4
Notes to the Financial Statements.....	5



INDEPENDENT AUDITORS' REPORT

October 30, 2017

The Honorable Mayor
Members of the City Council
City of Freeport, Illinois

Report on the Financial Statements

We have audited the accompanying Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports of the City of Freeport, Illinois, Nonmetro Transportation Operating and Administrative Assistance Grant Agreement, Contract #4284 (Program) as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Section 5311 Grant Agreement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues of expenses of the City of Freeport, Illinois, Nonmetro Transportation Operating and Administrative Assistance Grant Agreement, Contract #4284 as of and for the year ended April 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports of the City of Freeport, Illinois and do not purport to, and do not, present fairly the financial position of the City of Freeport, Illinois, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports for the year ended April 30, 2017. The Section 5311 Financial Summary is presented for additional analysis and is not a required part of the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports.

The Section 5311 Financial Summary is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports. Such information has been subjected to the auditing procedures applied in the audit of the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports or to the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Section 5311 Financial Summary is fairly stated in all material respects in relation to the Section 5311 Annual Financial Report and Section 5311 Grant Reimbursement reports taken as a whole.



LAUTERBACH & AMEN, LLP

CITY OF FREEPORT, FREEPORT, ILLINOIS

Section 5311 Annual Financial Report
 Operating Period May 1, 2016 to April 30, 2017
 FEDERAL GRANT NO. IL -2016-034 CONTRACT NO. 4687

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$99,353
402	Special Transit Fares	\$0
405	Charter Service	\$0
406	Auxiliary Transportation	\$0
407	Non-Transportation Revenue	\$18,903
409	Local Cash Grants	\$137,421
440	Other:	
	Total Revenue	\$255,677
	Less: Non- 5311 Operating Revenues	\$0
	Section 5311 Operating Revenue	\$255,677

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$20,662	\$0	\$20,662
502	Fringe Benefits	\$1,580	\$0	\$1,580
503	Services	\$9,277	\$99,736	\$109,013
504.01	Fuel and Oil	\$0	\$91,724	\$91,724
504.02	Tires and Tubes	\$0	\$9,004	\$9,004
504.99	Other Materials	\$600	\$942	\$1,542
505	Utilities	\$0	\$3,113	\$3,113
506	Casualty and Liability	\$0	\$0	\$0
507	Taxes	\$0	\$123	\$123
508	Purchase of Service	\$0	\$976,832	\$976,832
509	Miscellaneous	\$0	\$1,475	\$1,475
511	Interest Expense	\$0	\$0	\$0
512	Lease and Rentals	\$0	\$5,275	\$5,275
	Other:	\$0	\$0	\$0
	Total Expenses	\$32,119	\$1,188,224	\$1,220,343

CITY OF FREEPORT, FREEPORT, ILLINOIS
Operating Period May 1, 2016 to April 30, 2017
Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$32,119	\$1,188,224	\$1,220,343	
2) Less: Ineligible Expenses per Single Audit	\$0	\$0	\$0	
3) Net Eligible Expenses ((1)-(2))	\$32,119	\$1,188,224	\$1,220,343	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$255,677	\$255,677	
5) Section 5311 Operating Deficit ((3)-(4))		\$932,547		
6) Section 5311 Deficit ((3)-(4))			\$964,666	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentages	\$25,695.37	\$466,273.50		\$491,969
B) Funding Limits per Contract				\$171,443
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$171,443	\$171,443
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				\$171,443
E) Amount (Over) Under Paid ((C)-(D))				\$0.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$793,223	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$793,223
Local Contracts	
In-Kind Services, Subsidies, Donations	
TOTAL LOCAL MATCH (Must equal (F))	\$793,223
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$0
FY Local Transit (Local Contracts) Amounts Received	\$135,028
Less expended for Capital \$ Operating \$	(\$135,028)
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$0

I certify that the revenues and costs claimed for reimbursement are adequately supported and the approved cost allocation plan (if applicable) has been followed as provided in the project budget.

Prepared By: Michelle Richter
 Title: Deputy City Accountant
 Reviewed By/PCOM: Garry J. Am...
 Date: 11-6-17
 CPA Approval: Ronald J. Amen **RONALD J. AMEN**
 Date: 10-30-17

**CITY OF FREEPORT, ILLINOIS
ATTESTATION ENGAGEMENT RELATED TO SECTION 5311 GRANT REIMBURSEMENT**

**Notes to the Financial Statements
April 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Project

The City of Freeport, Illinois, Nonmetro Transportation Operating and Administrative Assistance Grant Agreement, Contract #4284, provides public transportation services in the Freeport, Illinois area. The projects operations are financed by user fees and federal, state and local government’s contributions and grants.

Basis of Accounting

The accrual basis of accounting is followed by the Project in preparing this Section 5311 Annual Financial Report. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Project, therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.