



CITY OF LOCKPORT, ILLINOIS

SINGLE AUDIT

For the Year Ended December 31, 2020



SIKICH.COM

CITY OF LOCKPORT, ILLINOIS
TABLE OF CONTENTS

| | <u>Page(s)</u> |
|--|----------------|
| 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 <i>Government Auditing Standards</i> | 1-2 |
| Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 3-5 |
| Schedule of Expenditures of Federal Awards..... | 6-7 |
| Notes to Schedule of Expenditures of Federal Awards | 8 |
| Schedule of Findings and Questioned Costs..... | 9-10 |

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

**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***

The Honorable Mayor
Members of the City Council
City of Lockport, 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 City of Lockport, Illinois (the City), as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 13, 2021.

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) as a basis for designing 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 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 the City's 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 financial statements. 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.

Sikich LLP

Naperville, Illinois
May 13, 2021

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lockport, Illinois’ (the 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 December 31, 2020. 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 of Lockport, 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, 2020.

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.

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, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 13, 2021 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 basic 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

Naperville, Illinois
May 13, 2021

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

| Federal Grantor | Pass-Through Grantor | Program Title | Federal CFDA Number | Program/Grant Number | Expenditures |
|-----------------------------------|---------------------------------------|--|----------------------------|---|---------------------|
| Executive Office of the President | N/A | High Intensity Drug Trafficking Areas Program | 95.001 | HIDTA Disbursement Administration - G19CH0003A & G20CH0 | \$ 512,893 |
| | N/A | High Intensity Drug Trafficking Areas Program | | | 95.001 |
| | | Total High Intensity Drug Trafficking Areas Program | | | <u>530,883</u> |
| | | Total Executive Office of the President | | | <u>530,883</u> |
| | | | | | |
| Department of Homeland Security | Illinois Law Enforcement Alarm System | Homeland Security Grant Program | 97.067 | N/A | <u>1,681</u> |
| | | Homeland Security Grant Program | | | |
| | | Total Homeland Security Grant Program | | | <u>1,681</u> |
| | Total Department of Homeland Security | | | <u>1,681</u> | |
| Department of Justice | N/A | Bulletproof Vest Partnership Program | 16.607 | N/A | <u>3,222</u> |
| | | Bulletproof Vest Partnership Program | | | |
| | | Total Bulletproof Vest Partnership Program | | | <u>3,222</u> |
| | N/A | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Bryne Formula Grant Program - 416704 & 416804 | <u>26,016</u> |
| | | Edward Byrne Memorial Justice Assistance Grant Program | | | |
| | | Total Edward Byrne Memorial Justice Assistance Grant Program | | | <u>26,016</u> |
| | N/A | Equitable Sharing Program | 16.922 | Federal Seizure - N/A | 294,785 |
| Equitable Sharing Program | | 16.922 | | | |
| | Total Equitable Sharing Program | | | <u>312,649</u> | |
| | Total Department of Justice | | | <u>341,887</u> | |
| Department of Transportation | Illinois Department of Transportation | Highway Planning and Construction Cluster | 20.205 | IL 7 Frontage Rd Bridge - C-91-068-16 | <u>73,304</u> |
| | | Highway Planning and Construction | | | |
| | | Total Highway Planning and Construction Cluster | | | <u>73,304</u> |

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2020

| Federal Grantor | Pass-Through Grantor | Program Title | Federal CFDA Number | Program/Grant Number | Expenditures |
|---|---------------------------------------|------------------------------------|----------------------------|-----------------------------|----------------------------|
| Department of Transportation | | Highway Safety Cluster | | | |
| | Illinois Department of Transportation | National Priority Safety Programs | 20.600 | OP-20-0035 | \$ 37,068 |
| | Illinois Department of Transportation | National Priority Safety Programs | 20.600 | HS-21-0026 | <u>2,372</u> |
| | | Total Highway Safety Cluster | | | <u>39,440</u> |
| | | Total Department of Transportation | | | <u>112,744</u> |
| Department of the Treasury | | Coronavirus Relief Fund | | | |
| | Will County, Illinois | COVID-19 - Coronavirus Relief Fund | 21.019* | N/A | <u>\$ 1,055,705</u> |
| | | Total Coronavirus Relief Fund | | | <u>1,055,705</u> |
| | | Total Department of the Treasury | | | <u>1,055,705</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | | <u><u>\$ 2,042,900</u></u> |

* denotes major program

CITY OF LOCKPORT, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 2020

Note A - Basis of Accounting

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B - Subrecipients

There were no subrecipients for the fiscal year ending December 31, 2020.

Note C - Other Information

The City did not receive any federal insurance, free rent, or noncash assistance and had no federal loans or loan guarantees outstanding with continuing compliance requirements during the year ended December 31, 2020.

Note D - 10% De Minimis Indirect Cost Rate

The City has elected to use the 10% de minimis indirect cost rate as permitted by 2 CFR Section 200.414.

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2020

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? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 21.019 | COVID-19 - Coronavirus Relief Fund Program |

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 LOCKPORT, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2020

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Award Findings and Questioned Costs

Not applicable