

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

FEDERAL FINANCIAL ASSISTANCE REPORT

For the Fiscal Year Ended April 30, 2023

**CASS COUNTY FEDERAL FINANCIAL ASSISTANCE REPORT
Sangamon County Water Reclamation District, Illinois**

Year Ended April 30, 2023

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**INFORMATION REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL
REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES, AND AUDIT REQUIREMENTS OF FEDERAL AWARDS
(UNIFORM GUIDANCE)**

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Pehlman & Dold, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Joseph E. Pehlman, C.P.A. (1941-1984)
Joseph B. Dold, C.P.A. (1953-2005)
Robert E. Ritter, C.P.A., Retired
J. Timothy Cravens, C.P.A., Retired
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Sangamon County Water Reclamation District
Springfield, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sangamon County Water Reclamation District, Springfield, Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sangamon County Water Reclamation District, Illinois' major federal programs for the year ended April 30, 2023. Sangamon County Water Reclamation District, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sangamon County Water Reclamation District, Springfield, 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 April 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sangamon County Water Reclamation District, Springfield, Illinois and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sangamon County Water Reclamation District, Springfield, Illinois' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Sangamon County Water Reclamation District, Springfield, Illinois' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and whether to express an opinion on Sangamon County Water Reclamation District, Springfield, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it

exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sangamon County Water Reclamation District, Springfield, Illinois' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sangamon County Water Reclamation District, Springfield, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sangamon County Water Reclamation District, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sangamon County Water Reclamation District, Springfield, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance Section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 business-type activities of the Sangamon County Water Reclamation District, Springfield, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Sangamon County Water Reclamation District, Illinois' basic financial statements. We issued our report thereon dated August 24, 2023, 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 purpose 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.

Respectfully submitted,

PEHLMAN & DOLD, P.C.

PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS
August 28, 2023

Sangamon County Water Reclamation District
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2023

Source of Funds	Federal CFDA #	Project or Contract #	Revenues 4/30/2022	Revenues 4/30/2023	Total Revenues	Expenditures 4/30/2022	Expenditures 4/30/2023	Total Expenditures	Budget
US Environmental Protection									
Agency									
<i>Passed through Illinois Environmental</i>									
<i>Protection Agency:</i>									
Capitalization Grant for Clean	63.458	L175514	\$	\$ 163,417	\$ 163,417	\$	\$ 163,417	\$ 163,417	n/a
Water State Revolving Funds									
Capitalization Grant for Clean	63.458	L175629		295,289	295,289		295,289	295,289	n/a
Water State Revolving Funds									
Capitalization Grant for Clean	63.458	L175633		414,312	414,312		414,312	414,312	n/a
Water State Revolving Funds									
Total Capitalization Grants				<u>873,018</u>	<u>873,018</u>		<u>873,018</u>	<u>873,018</u>	
For Clean Water CFDA 63.458									

SANGAMON COUNTY WATER RECLAMATION DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Sangamon County Water Reclamation District, Springfield, Illinois. Federal awards passed through other government agencies are included on the schedule.

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards for the year ended April 30, 2023 and 2022 is presented using the accrual basis of accounting.

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. Revenue is recognized when it becomes measurable and available. Measurable means the amount can be determined. Available means collectable within the current period, or expected to be collected soon thereafter to pay liabilities of the current period. Such time thereafter normally shall not exceed 90 days. Also, under the accrual basis of accounting, expenditures are recorded when the related liability is incurred, except for bond principal and interest which are reported as expenditures in the year due.

RELATIONSHIP TO DISTRICT'S FINANCIAL STATEMENTS

All Federal Grants are reflected in the District's financial statements with the majority of the funding flowing through the Illinois Environmental Protection Agency.

The Capitalization Grant awarded to the States to create and maintain Clean Water State Revolving Funds enables states to encourage construction of wastewater treatment facilities to meet the enforceable requirements of the Clean Water Act, increase the emphasis on nonpoint source pollution control and protection of estuaries, and establish permanent financing institution in each State to provide continuing sources of financing to maintain water quality. The Illinois Environmental Protection Agency loaned the funds to the District for capital projects and the District will repay the funds to the Illinois Environmental Protection Agency.

Note 2. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, no federal awards were provided to subrecipients.

Note 3. NON-CASH AWARDS

The District received no non-cash awards during the fiscal year ended April 30, 2023:

Note 4. CONTINGENCIES

The Sangamon County Water Reclamation District, Springfield, Illinois receives awards under federal grant programs which must be expended according to provisions established by the grant. Compliance with the grant provisions is subject to audit by the various granting agencies which may impose sanctions in the event of non-compliance. Management believes they have complied with all aspects of the grant provisions and they feel the results of any adjustments would have an immaterial impact on the financial statements taken as a whole.

SANGAMON COUNTY WATER RECLAMATION DISTRICT

Notes to Schedule of Expenditures of Federal Awards
(Continued)

Note 5. *RISK MANAGEMENT*

The District carries a broad range of insurance coverage including business auto liability, general liability, workers compensation and umbrella policy. During the year ended April 30, 2023, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 6. *INSURANCE, LOANS AND LOAN GUARANTEES OUTSTANDING*

As of April 30, 2023, there was no federal insurance in effect and no loan guarantees outstanding. The District has not loaned any of federal funds it received, however, all federal funds received were loaned to the District through the Illinois Environmental Protection Agency and will be repaid to them as agreed.

SANGAMON COUNTY WATER RECLAMATION DISTRICT

Summary of Findings and Questioned Costs

Year Ended April 30, 2023

Part 1:

Summary of Audit Results

1. We have audited the financial statements of the Sangamon County Water Reclamation District, Springfield, Illinois, as of and for the year ended April 30, 2023, and have issued our unqualified report thereon dated August 24, 2023.
2. Our audit disclosed no significant deficiencies in internal control that were required to be reported.
3. Our audit disclosed no instances of noncompliance which are material to the financial statements of the Sangamon County Water Reclamation District, Springfield, Illinois.
4. Our audit disclosed no significant deficiencies in internal control over major programs.
5. We have audited the compliance of the Sangamon County Water Reclamation District, Illinois with the types of compliance requirements described in the Uniform Guidance Compliance Supplement that are applicable to each of its major programs for the year ended April 30, 2023, and have issued our unmodified opinion thereon dated August 28, 2023.
6. Our audit disclosed no audit findings relating to major programs which is required to be reported in accordance with the Uniform Guidance.
7. The following programs were identified and tested as major programs in accordance with requirements described in the Uniform Guidance:

Capitalization Grant for Clean Water	CFDA # 63.458
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8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Auditee did not qualify as a low risk auditee.

Part 2:

Audit Findings – Financial Statement Audit

None

Part 3:

Audit Findings and Questioned Costs (For Federal Awards Which Shall Include Audit Findings as Required by Section 200.516(a))

None

Part 4:

Prior Year Audit Findings and Questioned Costs (For Federal Awards Which Shall Include Audit Findings as Defined in Section 510(a))

None