

Pike County, Illinois Pittsfield, Illinois

Report on Federal Awards

Year Ended November 30, 2020



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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 Financial Statements Performed in Accordance with *Government Auditing Standards*

To the County Board
Pike County
Pittsfield, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County, Illinois, (the “County”), as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated March 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County'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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
March 11, 2021

**Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the County Board
Pike County
Pittsfield, Illinois

Report on Compliance for Each Major Federal Program

We have audited Pike County, Illinois’ (the “County”) 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 County’s major federal programs for the year ended November 30, 2020. The County’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 for Compliance

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 County’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 County’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 on the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Pike County, 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 November 30, 2020.

Other Matters

Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 County'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 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.

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 Pike County, Illinois, as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise Pike County, Illinois' basic financial statements. We have issued our report thereon dated March 11, 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
March 11, 2021

Pike County, Illinois

Schedule of Expenditures of Federal Awards
For the year ended November 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Illinois Department of Human Services				
Special Supplemental Nutrition Program for Women, Infants, and Children:				
WIC Administration	10.557	FCSYQ01082	\$31,594	\$0
WIC Administration	10.557	FCSZQ01082	20,153	0
WIC Breastfeeding Peer Counselor	10.557	FCSYQ01195	8,115	0
WIC Breastfeeding Peer Counselor	10.557	FCSZQ01195	2,848	0
WIC Vouchers (non-cash)	10.557	SFY20-376001845	87,125	0
Total CFDA 10.557			149,835	0
Illinois Department of Human Services				
Special Supplemental Nutrition Program for Women, Infants, and Children:				
WIC Technology MIS Grant	10.578	FCSYQ01082	1,265	0
Total U.S. Department of Agriculture			\$151,100	\$0
U.S. Department of the Treasury				
Illinois Department of Public Health				
COVID-19 - Coronavirus Relief Fund				
COVID-19 - Contact Tracing	21.019	05180173H	\$195,378	\$0 (M)
COVID-19 - Local CURE & Economic Support	21.019	20-492067	76,264	0 (M)
Illinois Department of Commerce and Economic Opportunity				
COVID-19 - Coronavirus Relief Fund				
COVID-19 - Local CURE & Economic Support	21.019	20-491071	230,398	0 (M)
Total CFDA 21.019			502,040	0
Total U.S. Department of the Treasury			\$502,040	\$0
Environmental Protection Agency				
Illinois Emergency Management Agency				
State Indoor Radon Grants	66.032	RADON-FY20	\$4,184	\$0
Illinois Department of Public Health				
Performance Partnership Grants				
Potable Water Supply	66.605	05080074H-SDW	13	0
Total Environmental Protection Agency			\$4,197	\$0
U.S. Election Assistance Commission				
Illinois State Board of Elections				
HAVA Election Security Grants				
COVID-19 - CARES ACT Grant	90.404	FY2020	\$28,849	\$0
Total U.S. Election Assistance Commission			\$28,849	\$0

Pike County, Illinois

Schedule of Expenditures of Federal Awards (Continued)

For the year ended November 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Illinois Department of Public Health				
Public Health Emergency Preparedness	93.069	07180072H	\$23,813	\$0
Public Health Emergency Preparedness	93.069	17180072I	14,580	0
Total CFDA 93.069			38,393	0
Illinois Department of Public Health				
COVID-19 - Public Health Emergency Response				
COVID-19 - Crisis Grant	93.354	07680073H	36,277	0
Illinois Department of Public Health				
Illinois Family Planning Program	93.667	06180066H	12,000	0
Illinois Department of Human Services				
High Risk Infant Follow-Up	93.667	FCSYU05100	2,824	0
High Risk Infant Follow-Up	93.667	FCSZU05100	4,195	0
Total CFDA 93.667			19,019	0
Total U.S. Department of Human Services			\$93,689	\$0
U.S. Department of Homeland Security				
Illinois Emergency Management Agency				
Disaster Grants - Public Assistance	97.036	4461-149-99149	\$39,344	\$0
Illinois Emergency Management Agency				
Emergency Management Performance Grant	97.042	19EMAPIKE	17,809	0
Total U.S. Department of Homeland Security			\$57,153	\$0
Total federal awards expended			\$837,028	\$0

(M) - Audited as a major federal program.

Pike County, Illinois

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pike County, Illinois (the "County") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the compliance requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The County elected to use the 10% de minimis indirect cost rate during the year ended November 30, 2020.

Note 2 Significant Accounting Policies

Expenditures of federal awards are recognized in the accounting period when the liabilities are incurred and the goods or services are received.

The value of non-cash assistance is valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

Note 3 Noncash Assistance

As reported on the Schedule of Expenditures of Federal Awards, the County dispensed noncash assistance in the form of food commodities and WIC food instruments. During the year ended November 30, 2020, the County received and used/expended the following non-cash assistance. These values are included in the determination of Federal awards expended.

<u>Non-cash assistance type:</u>	<u>CFDA</u>	<u>Value</u>
WIC vouchers (food instruments)	10.557	\$87,125

Note 4 Other Federal Award Information

The County did not receive or administer any insurance, loans or loan guarantees during the fiscal year ended November 30, 2020.

Pike County, Illinois

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified		
<hr/>			
<u>Internal control over financial reporting:</u>			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X	Yes	None reported
Noncompliance material to financial statements noted?	Yes	X	None reported

Federal Awards

Type of auditor’s report issued on compliance for programs:	Unmodified		
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<u>Internal control over major programs:</u>			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes	X	None reported
Noncompliance material to financial statements noted?	Yes	X	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes	X	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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21.019.....Coronavirus Relief Funds

Dollar threshold used to distinguish between type A and type B programs:	<hr/> \$750,000
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Auditee qualified as a low-risk auditee?	Yes	X	No
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Pike County, Illinois

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

A. Internal Control

Finding 2020-001 Financial Statement Preparation (repeat finding 2019-001 and 2018-001)

Criteria – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition – The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP.

Cause – The County relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effects or Potential Effects – The completeness of the financial statement disclosures and the accuracy of the overall financial presentation is negatively impacted as external auditors do not have the same comprehensive understanding of the County as its internal staff.

Auditor's Recommendation – Management should continue to review and approve the annual financial statements and the related footnote disclosures.

View of responsible officials and planned corrective actions – We agree with the finding and have developed a corrective action plan.

Finding 2020-002 Segregation of Duties (repeat finding 2019-002 and 2018-002)

Criteria - Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Condition – There is inadequate control over the functions of processing and recording the financial transactions in the Treasurer's Office, County Clerk's Office, and Health Department due to the inadequate segregation of duties.

Cause – The County has a limited number of staff to allow for adequate segregation of duties.

Effects or Potential Effects – As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Auditor's Recommendation – It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the County's accounting and financial reporting.

View of responsible officials and planned corrective actions – We agree with the finding and have developed a corrective action plan.

Pike County, Illinois

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings (continued)

B. Compliance Finding

None

Section III – Federal Award Findings and Questioned Costs

A. Internal Control

None

B. Compliance Finding

None

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Finding 2020-001 – Financial Statement Preparation

Corrective Action Plan

The County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Person(s) Responsible: County Management and County Board

Timing for Implementation: There is no anticipated completion date for this item.

Finding 2020-002 – Segregation of Duties

Corrective Action Plan

The County's management and County Board's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the county's accounting and financial reporting. There is no anticipated completion date for this item.

Person(s) Responsible: County Management and County Board

Timing for Implementation: There is no anticipated completion date for this item.

Pike County, Illinois

Summary Schedule of Prior Audit Findings

Section IV – Prior Year Findings

November 30, 2019

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

Item 2019-001

The County does not prepare the financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP). It was determined by County management and its County Board that engaging with the external audit firm is the most economical and appropriate manner to prepare the financial statements and related disclosures in accordance with GAAP. The County has not completed its corrective action plan. This is a repeat finding for 2020.

Item 2019-002

The County does not have proper segregation of duties over the functions of processing and recording financial transactions due to limited personnel. The County's management and County Board will supervise and review accounting information to help prevent and detect errors. The County has not completed its corrective action plan. This is a repeat finding for 2020.

B. Compliance Finding

None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Finding

None

Pike County, Illinois

Summary Schedule of Prior Audit Findings

Section IV – Prior Year Findings (continued)

November 30, 2018

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

Item 2018-001

The County does not prepare the financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP). It was determined by County management and its County Board that engaging with the external audit firm is the most economical and appropriate manner to prepare the financial statements and related disclosures in accordance with GAAP. The County has not completed its corrective action plan. This is a repeat finding for 2019.

Item 2018-002

The County does not have proper segregation of duties over the functions of processing and recording financial transactions due to limited personnel. The County's management and County Board will supervise and review accounting information to help prevent and detect errors. The County has not completed its corrective action plan. This is a repeat finding for 2019.

B. Compliance Finding

None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Finding

None