

**COUNTY OF KENDALL, ILLINOIS**

**SECTION 5311 GRANT**

**FINANCIAL REPORT**

**June 30, 2024**

**COUNTY OF KENDALL, ILLINOIS**

Section 5311 Grant

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Year Ended June 30, 2024

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## **Independent Auditors' Report**

To the Chairman and Members  
of the County Board  
County of Kendall, Illinois

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Section 5311 Grant Agreement of the County of Kendall, Illinois, (the "County") which is comprised of the annual financial report for the year ended June 30, 2024, and the related notes to the financial statements.

In our opinion, the Section 5311 Grant Agreement Annual Financial Report referred to above presents fairly, in all material respects, the revenues and expenses of the Section 5311 Grant Agreement of the County of Kendall, Illinois, for the year ended June 30, 2024, in accordance with the financial reporting provisions of the Illinois Department of Transportation Division of Public and Intermodal Transportation as described in Note 1.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Section 5311 Grant Agreement of the County of Kendall, Illinois and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

#### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the basis of the financial reporting provisions of the Illinois Department of Transportation Division of Public and Intermodal Transportation, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Section 5311 Operating Assistance Grant Agreement of the County of Kendall, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Section 5311 Operating Assistance Grant Agreement of the County of Kendall, Illinois' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Restriction of Use**

This report is intended solely for the information and use of the County Board and management of Kendall County, Illinois and for filing with the State of Illinois, Department of Transportation Division of Public and Intermodal Transportation, and is not intended to be and should not be used by anyone other than those specified parties.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
November 20, 2024

## County of Kendall

**Section 5311 Annual Financial Report**  
**Operating Period July 1, 2023 to June 30, 2024**  
**Contract Number 22-0338-27109**

**Revenue**

<b>Line Item</b>	<b>Description</b>	<b>Total</b>
401	Passenger Fares/ Donations	
402	Special Transit Fares	
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
440	Other:	
	<b>Total Revenue</b>	<b>\$0</b>
	Less: Non- 5311 Operating Revenues	
	<b>Section 5311 Operating Revenue</b>	<b>\$0</b>

**Expenses**

<b>Line Item</b>	<b>Eligible Expenses</b>	<b>Actual Administrative Expenses</b>	<b>Actual Operating Expenses</b>	<b>Total</b>
501	Labor	\$6,464.00		\$6,464.00
502	Fringe Benefits			\$0.00
503	Services			\$0.00
504.01	Fuel and Oil			\$0.00
504.02	Tires and Tubes			\$0.00
504.99	Other Materials			\$0.00
505	Utilities			\$0.00
506	Casualty and Liability			\$0.00
507	Taxes			\$0.00
508	Purchase of Service		104,386.00	\$104,386.00
509	Miscellaneous			\$0.00
511	Interest Expense			0.00
512	Lease and Rentals			
	Other:			
	<b>Total Expenses</b>	<b>\$6,464.00</b>	<b>\$104,386.00</b>	<b>\$110,850.00</b>

**County of Kendall**  
**Operating Period July 1, 2023 to June 30, 2024**  
**Section 5311 Grant Reimbursement**

	<b>Administrative Expenses</b>	<b>Operating Expenses</b>	<b>Total</b>	
1) Expenses: Per Single Audit	\$6,464	\$104,386	\$110,850	
2) Less: Ineligible Expenses per Single Audit	\$0	\$0	\$0	
3) Net Eligible Expenses ((1)-(2))	\$6,464	\$104,386	\$110,850	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$0	\$0	
5) Section 5311 Operating Deficit ((3)-(4))		\$104,386		
6) Section 5311 Deficit ((3)-(4))			\$104,386	
7) Section 5311 Reimbursement %	x 80%	x 50%		
A) Eligible Reimbursement Per Percentages	\$5,171	\$52,193		<b>Grant Total</b> \$57,364
B) Funding Limits per Contract				\$64,193
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$57,364	\$57,364
D) Less: IDOT Payments-Section 5311 Reimbursement to Grantee				\$54,132
E) Amount (Over) Under Paid ((C)-(D))				3,232.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$47,022	

<b>GRANTEE MATCH SOURCES</b>	<b>AMOUNTS</b>
Downstate Operating Grant	\$47,022
Local Contracts	\$0
In-Kind Services, Subsidies, Donations	
<b>TOTAL LOCAL MATCH (Must equal (F))</b>	<b>\$47,022</b>
<b>LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)</b>	
<b>BEGINNING CARRY FORWARD (C.F.A.) BALANCE</b>	<b>\$0</b>
FY Local Transit (Local Contracts) Amounts Received	\$580,920
Less expended for Operating	(\$580,920)
<b>ENDING CARRY FORWARD (C.F.A.) BALANCE</b>	<b>\$0</b>

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: Justin Dooley

Title: CFO

Reviewed By/PCOM: \_\_\_\_\_

Date: 10/8/2024

CPA Approval: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE 1: Summary of Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the County of Kendall's (the "County") accounting policies are described below.

**A. Basis of Presentation**

The financial statement presents a comparison between direct expenditures and program revenues for the Section 5311 Grant. Direct expenditures are those that are specifically associated with these programs. Program revenues include grants that are restricted to meeting the operational or capital requirements of the programs, and interest earned on grants that is required to be used to support the program.

**B. Measurement Focus and Basis of Accounting**

The financial statement is prepared using the accrual basis of accounting. This means that all revenues earned and expenditures incurred are reported in the financial statement. The Schedule of Revenue and Expenses is a reporting format in accordance with provisions of the grant agreement between the Illinois Department of Transportation and County of Kendall, Illinois. Such financial information includes only the revenues and expenses as promulgated within the format of the prescribed form.

**NOTE 2: Grant Agreements**

*Section 5311 Grant*

This agreement is made by and between the State of Illinois (the "State"), acting by and through the Illinois Department of Transportation, Division of Public and Intermodal Transportation (the "Department"), and the County.

Whereas, the County proposes to provide public transportation services in non-urbanized area of downstate Illinois (the "Project"); and

Whereas, the Department has applied under Section 5311 of the Federal Transit Act, as amended (49 U.S.C. Section 5311), to the Federal Transit Administration (the "FTA") for federal operating, capital, and administrative assistance for this Project; and

Whereas, the Department's application has been approved by the FTA; and

Whereas, the County represents that is an eligible recipient and has made application to the Department for a public transportation grant under the provisions of Illinois Compiled Statutes 20 ILCS 2705/49, et seq. and 30 ILCS 740/1 et seq. (the "Acts"), and



## COUNTY OF KENDALL, ILLINOIS

### Section 5311 Grant

Notes to Financial Statements

Year Ended June 30, 2024

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#### **NOTE 2: Grant Agreements (Continued)**

##### *Section 5311 Grant (Continued)*

Whereas, the County's final application, including subsequent submittals, information, and documentation, as provided by the County in support thereof, has been approved by the Department.

In consideration of the mutual covenants, the parties agree that the above recitals are made a part of this Agreement, that this Agreement is made to provide federal financial assistance (the "Grant") to the County, to set forth the terms and conditions upon which the Grant will be made available, and to set forth the agreement of the Parties as to the manner in which the Project will be undertaken, used, and completed. The parties further agree as follows:

##### Definitions as used in this Agreement

- A. "AICPA" means the American Institute of Certified Public Accountants.
- B. "Contractor" or "Third Party Contractor" means or refers to vendor or contractor retained by the County in connection with the performance of the Project, and paid or financed, in whole or in part, with funds received by the County in connection with this agreement.
- C. "FHWA" means the Federal Highway Administration of the United States Department of Transportation.
- D. "FTA" means the Federal Transit Administration of the United States Department of Transportation. Any reference in any law, map, regulation, document, paper, or other record of the United States to the Urban Mass Transportation Administration shall be deemed a reference to the Federal Transit Administration.
- E. "Government" means both the government of the United States of America and/or State of Illinois.
- F. "Non-Metro", "Non-Urbanized" refers synonymously to any area outside an urbanized area with a population of less than 50,000 inhabitants, as defined by the U.S. Bureau of the Census.
- G. "OMB" means the U.S. Office of Management and Budget
- H. "Project" means the mass transportation project for which grant funds are to be used by the County pursuant to this Agreement, as described in the County's final approved application.

## COUNTY OF KENDALL, ILLINOIS

### Section 5311 Grant

Notes to Financial Statements

Year Ended June 30, 2024

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#### NOTE 2: Grant Agreements (Continued)

##### *Section 5311 Grant (Continued)*

##### Definitions as used in this Agreement (Continued)

- I. "Project Costs" means the sum of eligible costs incurred in performing the work on the Project, including work done by the County, less proceeds from sale of scrap and replaced assets.
- J. "Project Facilities" means any asset, including but not limited to fixed facilities, rolling stock, equipment, real property, and office furniture, purchased with funds paid to the County pursuant this Agreement.
- K. "Section 5311" (formerly known as "Section 18") refers to the "Formula Grant Program for Areas Other than Urbanized Areas" section of the Federal Transit Act of 1992, as amended. See 49 U.S.C. Section 5311. "Section 5311" may also include subsection 5311(f) involving "Intercity Bus Transportation." See 49 U.S.C. Section 5311(f).
- L. "U.S. DOT" means United States Department of Transportation.

##### The Project

The County agrees to provide, or cause to be provided through its contractor(s), the public transportation services described in the County's final approved application, program of proposed expenditures ("POPE"), and the service plan on file at the Department's offices and subsequent submittals, information, and documentation, provided by the County in support thereof, all as approved by Department representatives. The County's application and service plan are incorporated into this Agreement.

##### Amount of Grant

Pursuant to 49 USC 5311, the Department will fund up to 50% of eligible operating deficit and up to 80% of eligible administration expenses incurred by the County (and/or County's contractor) during state fiscal year 2024 (the "fiscal year") to reimburse the County for the provision of public transportation and intercity bus service, as approved by the Department for the Project, up to the amount as stated in the Approved Project Budget ("Federal Funds"). The maximum amount of Federal Funds for the Project under this agreement is \$64,193. The method for determining the intercity bus portion of the project shall be in accordance with the Department's guidelines, as from time to time adopted.

In no event shall the Department's funding participation under this Agreement exceed the total Department Grant available for the Project.

**COUNTY OF KENDALL, ILLINOIS**  
Section 5311 Grant

Notes to Financial Statements  
Year Ended June 30, 2024

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**NOTE 2: Grant Agreements (Continued)**

*Section 5311 Grant (Continued)*

Amount of Grant (Continued)

The County agrees that it will provide, or cause to be provided, from sources other than from this Agreement, sufficient funds in an amount, when combined with the funds received from the Government pursuant to this Agreement, shall equal 100% of the total Project Cost.

The County further understands that the Department shall not make a grant which, when combined with federal funds or funds from any other source, is in excess of 100% of the Project Cost. In the event payment or reimbursement by the Department results in receipt by the County from all sources a total amount in excess of 100% of the Project Costs, the Department does not waive its right to require the County to promptly refund any excess funds provided under this Agreement. The determination of any refund due to the Department will be made after project close out and completion of an audit.

The Project Budget

The County shall carry out the Project and shall incur obligations against and make disbursements of Project Funds only in conformity with the latest Approved Project Budget. Budget line items may be adjusted by the County with prior notification of the Department. However, any amendment to the Approved Project Budget should be in accordance with the provisions of ITEM 35. No liability shall be incurred by the State in excess of the aforementioned amounts of the Grant.

**NOTE 3: Contingencies**

Grant Revenues

The County 5311 Grant Program is created from funding from a federal grant which is governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant program are subject to audit and adjustment by the granting agencies. Any disallowed claims resulting from such audits could become a liability of the County. In the opinion of the County, any such disallowed claims will not have a material adverse effect on the overall financial position of the County.

**NOTE 4: Subsequent Events**

Grant Revenues

As of June 30, 2024, the County was due \$3,232 from the Illinois Department of Transportation for the Section 5311 Grant.