

**COUNTY OF KENDALL, ILLINOIS
ILLINOIS DOWNSTATE OPERATING
ASSISTANCE GRANT
FINANCIAL REPORT
June 30, 2024**

COUNTY OF KENDALL, ILLINOIS
Illinois Downstate Operating Assistance Program

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 Illinois Downstate Operating Assistance Program 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 Illinois Downstate Operating Assistance Program Agreement Annual Financial Report referred to above presents fairly, in all material respects, the revenues and expenses of the Illinois Downstate Operating Assistance Program 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 Illinois Downstate Operating Assistance Program 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 Illinois Downstate Operating Assistance Program 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 Illinois Downstate Operating Assistance Program 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

Grantee:

Kendall County
SCHEDULE OF REVENUE AND EXPENSE
under DOWNSSTATE OPERATING ASSISTANCE GRANT OP- 24 -21-IL
for the Year Ended June 30, 2024
(Page 1 of 2)

Operating Revenues and Income

401	Passenger fares for transit services	51,034.00
402	Special transit fares	-
403	School Bus Service	-
404	Freight Tariffs	-
405	Total charter service revenues	-
406	Auxiliary revenue	-
407	Non-transportation revenue	-
407 .99	Sec. 5307 force acct & admin cost reimbursement	-
409	Local Cash Grants and Reimbursements	-
411	State cash grants and reimbursement - <i>other than</i> <i>Downstate Operating Assistance</i>	-
412	State special fare assistance	-
413	Federal cash grants & reimbursement	57,364.00
413 .99	Sec. 5307 capital funds applied to state eligible op. expenses	350,000.00
.99	Job Access Reverse Commute & New Freedom	-
440	Subsidy from other sectors of operations	-
Total Operating Revenues		458,398.00

Operating Expenses

501	Labor	6,464.00
502	Fringe benefits	-
503	Professional services	
504	Materials & supplies consumed	
505	Utilities	
506	Casualty & liability	
507	Taxes	
508	Net purchased transportation	1,785,676.00
509	Miscellaneous expense	
511	Interest expense	-
512	Leases, rentals, and purchase-lease payments	
518		-
Total Operating Expenses		1,792,140.00

Ineligible Expenses:

APTA and IPTA dues	\$	
Other: Depreciation	\$	-
Fundraising	\$	-
In Kind Lease		

Less Total Ineligible Expenses

-

Total Eligible Operating Expenses

1,792,140.00

Total Eligible Operating Expenses	1,792,140.00
Total Operating Revenue & Income	458,398.00
Deficit	1,333,742.00
65% of Eligible Expense	1,164,891.00
Maximum Contract Amount	1,365,000.00
FY 24 Eligible Downstate Operating Assistance (Deficit, 65% of eligible expense, or maximum contract amount, whichever is less)	1,164,891.00
FY 24 Downstate Operating Assistance Received (prior to close of fiscal year)	1,049,465.00
FY 24 Downstate Operating Assistance Receivable (at close of fiscal year and subsequently received)	115,426.00
FY 24 Downstate Operating Assistance (Over) Under Paid	-

Reviewed by Grantee: _____ Date: _____
Authorized Representative

COUNTY OF KENDALL, ILLINOIS
Illinois Downstate Operating Assistance Program

Year Ended June 30, 2024
Notes to Financial Statements

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 Illinois Downstate Operating Assistance Program. 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 Kendall County, Illinois. Such financial information includes only the revenues and expenses as promulgated within the format of the prescribed form.

NOTE 2: Grant Agreements

Downstate Operating Assistance 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 a downstate area of Illinois (the "Project");

Whereas, the County has made application to the Department under Article II of the Illinois Downstate Public Transportation Act, (30 ILCS 740/2-1 et seq., (the "Act")); the Department's implementing regulations there under (92 Illinois Administrative Code Part 653, (the "Rules")) and the forms included in the Department's current "Downstate Public Transportation Operating Assistance Program" (the "Standard Forms"); and the Department has approved the County's application and has certified to the Illinois Department of Revenue the County's boundaries and its eligibility to participate under the Act;

COUNTY OF KENDALL, ILLINOIS
Illinois Downstate Operating Assistance Program

Year Ended June 30, 2024
Notes to Financial Statements

NOTE 2: Grant Agreements (Continued)

Downstate Operating Assistance Grant (Continued)

Now therefore, in consideration of the mutual covenants set forth herein, this Agreement is made to provide state operating assistance funds to the County and set forth the terms and conditions of such assistance.

Definitions as used in this Agreement

- A. "AICPA" means the American Institute of Certified Public Accountants.
- B. "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.
- C. "OMB" means the U.S. Office of Management and Budget.

Project Scope

The County agrees to provide the public transportation services described in its final approved application and program proposed expenditures ("POPE") approved by the Department, and in accordance with the Act, the Rules, the Standard Forms and all other applicable laws and regulations. The County shall not reduce, terminate, or substantially change such public transportation services or increase fares without prior written notification to the Department.

Project Budget

Under the Act, the Department enters into this Grant Agreement to implement the County's approved program of expenditures, within the following condition:

The County shall be paid under this agreement sixty-five percent (65%) of the County's eligible operating expenses incurred during fiscal year 2024, up to the corresponding identical or minimally different appropriation amount provided by Public Act 97-0731, as per 30 ILCS 740/2- 7(b-10) and 30 ILCS 740/2-3(d), as long as there are sufficient funds transferred into the Downstate Public Transportation Fund (30 ILCS 740/2-7(b)), and provided that the amount paid under this Agreement together with any operating assistance received by the County from any other state or local agency for fiscal year 2023 does not exceed the County's actual operating deficit for that year.

The Department has approved and agrees to make a grant in the maximum amount of \$1,365,000 (federal and state funds), subject to the limitations set forth above, the Act and the Rules.

COUNTY OF KENDALL, ILLINOIS
Illinois Downstate Operating Assistance Program

Year Ended June 30, 2024
Notes to Financial Statements

NOTE 2: Grant Agreements (Continued)

Downstate Operating Assistance Grant (Continued)

Project Budget (Continued)

In the event that the County receives an amount in excess of the amount provided to be paid to the County, or the combined state and local operating assistance grants for fiscal year 2024 exceed the County's actual operating deficit for that year, the County agrees to remit to the State any excess funds received.

For purposes of this Agreement, the term "operating deficit" shall have the following meaning set forth in Section 2-2.03 of the Act (3NN0 ILCS 740/2-2.03): "the amount by which eligible operating expenses exceed revenue from fares, reduced fare reimbursements, rental of properties, advertising, and any other amounts collected and received by a provider of public transportation, which, under standard accounting practices, are properly classified as operating revenue or operating income attributable to providing public transportation and revenue from any federal financial assistance received by the participant to defray operating expenses or deficits. For purposes of determining operating deficits, local effort from local taxes or its equivalent shall not be included as operating revenue or operating income."

The County agrees to commit the necessary local funding to cover costs incurred in providing public transportation which are not reimbursed under this Agreement or by other federal, state or local assistance programs.

NOTE 3: Contingencies

Grant Revenues

The County Downstate Operating Assistance Grant Program is created from funding from a state 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 the fourth quarter grant requests for state fiscal year 2024. The County was due a total of \$115,426, which was received in August 2024.