

CITY OF CREST HILL, ILLINOIS

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2024**

CITY OF CREST HILL, ILLINOIS

Single Audit For the Fiscal Year Ended April 30, 2024 Table of Contents

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Honorable Mayor and Members
of the City Council
City of Crest Hill, Illinois

**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**

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 City of Crest Hill, Illinois (the City), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Wermer, Rogers, Doran, + Runyon, 22C

December 19, 2024



Honorable Mayor and Members
of the City Council
City of Crest Hill, Illinois

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance; and
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crest Hill, Illinois (the City)'s 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 April 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the City 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 the City's 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 City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's 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 GAAS, *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 the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's 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 the City's 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 a 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 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 April 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2024, 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 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.

Wermer, Rogers, Doran, + Ruyon. 22C

December 19, 2024

CITY OF CREST HILL, ILLINOIS

Schedule of Expenditures of Federal Awards For the Year Ended April 30, 2024

| <u>Federal Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> | <u>Amount Paid to Subrecipients</u> |
|--|--|---|---------------------------------|---|
| <u>U.S. Department of Transportation</u> | | | | |
| <i>Pass-Through Illinois Department of Transportation</i> | | | | |
| <i>Highway Safety Cluster</i> | | | | |
| Highway Safety Grant | 20.600 | HS-24-0073 | \$ 9,738 | \$ - |
| Total U.S. Department of Transportation | | | <u>9,738</u> | <u>-</u> |
| <u>U.S. Department of the Treasury</u> | | | | |
| <i>Pass-Through Illinois Department of Commerce & Economic Opportunity</i> | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | <u>1,076,446</u> | <u>-</u> |
| Total U.S. Department of the Treasury | | | <u>1,076,446</u> | <u>-</u> |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| <i>Pass-Through Illinois Environmental Protection Agency</i> | | | | |
| Clean Water State Revolving Fund Cluster | | | | |
| IEPA Loan - East Plant Phosphorus Improvements | 66.458 | L17-5735 | 394,735 | - |
| IEPA Loan - West WRF Upgrades | 66.458 | L17-2159 | <u>6,213,818</u> | <u>-</u> |
| Total U.S. Environmental Protection Agency | | | <u>6,608,553</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,694,737</u> | <u>\$ -</u> |

CITY OF CREST HILL, ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended April 30, 2024

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Crest Hill, Illinois (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the City's financial statements.

Federal Insurance and Loans

The City did not have any federal insurance in effect during the year.

Loans Payable - Illinois EPA

The City had three loans payable to the Illinois Environmental Protection Agency (IEPA) from the City's Water and Sewer Fund as of April 30, 2024. The loans relate to projects as follows:

| <u>Loan Number</u> | <u>Interest Rate</u> | <u>Principal Owed at Year End</u> | <u>Phase</u> |
|--------------------|----------------------|---------------------------------------|--------------|
| L17-3405 | 1.250% | \$ 2,055,419 | Repayment |
| L17-2159 | 0.730% | 9,572,938 | Drawdown |
| L17-5735 | 0.630% | 4,451,304 | Drawdown |
| | | <u>\$ 16,079,661</u> | |

The loans were made from the IEPA Revolving Fund which has been funded with both federal and state of Illinois monies. Loan drawdowns in 2024 totaled \$14,453,010 of which \$6,608,553 was federally funded; the remainder was state of Illinois funded.

Subrecipients

Of the federal expenditures presented in the schedule, the City did not provide any federal awards to subrecipients.

De Minimis Cost Rate

The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance § 200.414 Indirect Facilities and Administration Costs.

CITY OF CREST HILL, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended April 30, 2024

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the GAAP-basis financial statements of the City of Crest Hill, Illinois.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

2. No material weaknesses were disclosed during the audit of the financial statements.
3. No significant deficiencies that were not considered to be material weaknesses were disclosed during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FEDERAL AWARDS

5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion on each major federal program.
6. No material weaknesses were disclosed during the audit of compliance over each major federal award program.
7. No significant deficiencies that were not considered to be material weaknesses were disclosed during the audit of compliance over each major federal award program.
8. There were no findings relative to the major federal award programs for the City that were required to be reported in accordance with Uniform Guidance, § 200.516.
9. The following programs were tested as major programs:

| <u>Program Title</u> | <u>AL Number</u> |
|--|------------------|
| U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds | 21.027 |
| U.S. Environmental Protection Agency Clean Water State Revolving Fund Cluster | 66.458 |

10. The threshold for distinguishing between Type A and B programs was \$750,000.
11. The City did not qualify as a low-risk auditee.

Findings Relating to the Financial Statements

There were no findings relating to the financial statements reported for the fiscal year ended April 30, 2024.

Findings and Questioned Costs for Federal Awards

There were no findings and questioned costs for federal awards reported for the fiscal year ended April 30, 2024.

CITY OF CREST HILL, ILLINOIS

Summary Schedule of Prior Audit Findings For the Year Ended April 30, 2024

There were no findings reported for the fiscal year ended April 30, 2023.

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