



December 19, 2024

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

Management Letter

In planning and performing our audit of the basic financial statements of the City of Crest Hill, Illinois (the City) for the year ended April 30, 2024, 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, we considered the City's internal control over financial reporting for the purpose of expressing our opinion 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.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated December 19, 2024, contains our report on internal control over financial reporting and on compliance and other matters. This letter does not affect our report dated December 19, 2024, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Wermer, Rogers, Doran, + Ruzon. 22C

CITY OF CREST HILL, ILLINOIS

Management Letter Comments

April 30, 2024

Positive Management Comments

- The City received the Certificate of Excellence award for financial reporting from the GFOA for its fiscal year 2023 ACFR. The City has prepared its fiscal year 2024 ACFR to meet the Certificate of Excellence standards. By doing so, the City has prepared the most complete and comprehensive type of financial report in the practice of governmental accounting.

Additional Management Comments

Stateville Water Billing

The City sells water and sewer services to the state of Illinois for use at the Stateville Correctional Center and the City bills Stateville monthly. During our examination of billings and subsequent collections, we noted Stateville owed the City about \$1.0 million (approximately 4 months of service) at April 30, 2024, down from the \$1.2 million (approximately 5 months of service) at April 30, 2023. We noted the City has and continues to communicate with elected State officials to aid in the collection process.

Recommendation:

We recommend the City continue to monitor the Stateville outstanding balance in order to prevent the existence of a large uncollected balance.

Deficit Fund Balances

As of April 30, 2024, the Weber Road TIF Fund, Weber Division TIF Fund and Capital Projects Fund had deficit fund balances of \$477,797, \$25,854 and \$6,466,857, respectively.

Recommendation:

We recommend the City closely monitor the Weber Road TIF Fund, the Weber Division TIF Fund and the Capital Projects Fund. The City should consider transferring resources from the City's General Fund to cover the remaining deficit fund balances.

Expenditures Exceeding Budgets

During the year ended April 30, 2024, the Non-Home Rule Sales Tax Fund and the Debt Service Fund incurred expenditures in excess of budgeted expenditures in the amounts of \$13,075 and \$106,250, respectively. The Police Pension Fund incurred deductions in excess of budgeted deductions in the amount of \$79,335.

Recommendation:

We recommend the City continue to review the status of expenditures in comparison to the budget in order to identify potential budget overages during the fiscal year so that the City can either adjust the budget to reflect the need for additional funds or begin to decrease future costs in order to avoid budget and cash flow shortfalls in the long-term.

CITY OF CREST HILL, ILLINOIS

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Future GASB Implementation

GASB Statement No. 101, Compensated Absences

A future area of focus for the City will be the implementation of the new Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

GASB Statement No. 101 will be effective for the City's financial statements for the fiscal year ending April 30, 2025.

GASB Statement No. 101 will require the City to assess the types of leave offered to employees, how they are accounted for internally as well as how required obligations are calculated for financial reporting statement presentation. The model will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

Recommendation:

We recommend the City familiarize itself with GASB Statement No. 101 reporting and disclosure requirements in order to prepare for implementation in the 2025 financial statements.

Payroll Reconciliation Procedures

During audit fieldwork, we noted that quarterly Form 941s did not reconcile to the City's salary accounts in the trial balance.

Recommendation:

Payroll reconciliations should be completed quarterly and should compare information filed on Form 941 to the salary accounts in the City's trial balance. Any discrepancies should be reviewed and investigated.

Bank Reconciliation Procedures

During audit fieldwork, we noted that bank reconciliations carried unexplained variances when compared to the City's trial balance.

Recommendation:

We recommend the City complete bank reconciliations monthly with any reconciling differences researched and corrected promptly to increase control over cash. The reconciled bank balance should agree directly to the City's trial balance.