



CITY OF NAPERVILLE, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended December 31, 2024

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CITY OF NAPERVILLE, ILLINOIS
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Mayor and City Council
City of Naperville, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Naperville, Illinois' (the City) 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 December 31, 2024. The City's major federal programs are 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 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 December 31, 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; 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). Our responsibilities under those standards and the Uniform Guidance are further describes in the Auditor's Responsibility for the Auditor 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2025, 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 the 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.

Silich CPA LLC

Naperville, Illinois
June 27, 2025

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2024

Federal Grantor	Pass-Through Grantor	Grant Name	Federal ALN#	Grant Number	Expenditures	Amount Provided to Subrecipients
Department of Housing and Urban Development	N/A	CDBG - Entitlement Grants Cluster				
		Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-17-0031	\$ 26,204	\$ 26,204
		Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-17-0031	21,000	21,000
		Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-17-0031	15,745	15,745
		Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-17-0031	106,836	91,950
		Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-17-0031	127,387	86,137
		COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-17-0031	12,593	12,593
		Total Department of Housing and Urban Development			309,765	253,629
Department of Treasury	N/A	Equitable Sharing Program	21.016	N/A	49,876	-
		Total Department of Treasury			49,876	-
Department of Homeland Security	Illinois Emergency Management Agency	Emergency Management Performance Grants	97.042	23EMANAPER	39,977	-
	N/A	Homeland Security Grant Program	97.067	N/A	11,386	-
	N/A	Homeland Security Grant Program	97.067	22SHILESRT	115,207	-
					126,593	-
		Total Department of Homeland Security			166,570	-
Department of Justice	N/A	Equitable Sharing Program	16.922	N/A	222,939	-
	N/A	Bullet Proof Vest Partnership Program	16.607	N/A	949	-
		Total Department of Justice			223,888	-

(This schedule is continued on the following page.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2024

Federal Grantor	Pass-Through Grantor	Grant Name	Federal ALN#	Grant Number	Expenditures	Amount Provided to Subrecipients
Department of Agriculture	Morton Arboretum	Urban and Community Forestry Program	10.675	22-DG-11094200-126N/A	\$ 30,000	\$ -
		Total Department of Agriculture			30,000	-
Department of Energy	N/A	Grid Infrastructure Deployment and Resilience	81.254	NDE-GD0000911/A	3,834	-
		Total Department of Energy			3,834	-
Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction	20.205*	16-00167-00-BR	336,379	-
	Regional Transportation Authority	Transit Services Programs Cluster Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	114,023	-
	Illinois Department of Transportation	Highway Safety Cluster State and Community Highway Safety	20.600	HS240054	38,899	-
	Illinois Department of Transportation	State and Community Highway Safety	20.600	HS250106	8,985	-
					47,884	-
		Total Department of Transportation			498,286	-
TOTAL ALL FEDERAL AWARDS					\$ 1,282,219	\$ 253,629

*Denotes major program

Notes to Schedule of Expenditures of Federal Awards

Note A - The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B - The City did not receive any federal insurance or non-cash assistance. The City also did not have any federal loans or loan guarantees.

Note C - The City did elect to use the federal 10% de minimus indirect cost rate for the year ended December 31, 2024.

(See independent auditor's report on supplementary information.)

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major federal programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance
for each major federal program: *unmodified*

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major federal programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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20.205	Highway Planning and Construction
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Dollar threshold used to distinguish
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

CITY OF NAPERVILLE, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

Section II - Financial Statement Findings

Significant Deficiency

2024-001 Year-End Close Process

Criteria: Organizations are responsible for adjusting their financial statements, including recording significant accruals, and recording debt and capital asset activity in the government wide financial statements.

Condition/Context: During our audit, we proposed numerous audit adjustments, which management has reviewed and approved. Adjustments that were proposed were the result of recurring year-end accruals that were not recorded, transactions that were not recorded in the proper period, or balances that were not classified correctly. As part of the monthly or year-end close process, the City should ensure all cash accounts are fully reconciled.

Generally accepted auditing standards emphasize that the external auditor cannot be part of an entity's internal control process over financial reporting.

Cause/Effect: During our audit we posted material adjusting journal entries to correct misstatements. With regular and timely review, management can maintain up-to-date records of account balances and detail.

Recommendation: We recommend that procedures or checklists be adopted and followed, including during times of employee turnover, to include all procedures that management determines are needed to be performed on a monthly or year-end basis to ensure general ledger accounts are properly adjusted.

Views of Responsible Officials: Management agrees with the Single Audit finding and a response is included in the Corrective Action Plan

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

None



Naperville

**CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2024**

**Financial Statement Finding
2024-001 Year-End Close Process**

Condition/Context: During our audit, we proposed numerous audit adjustments, which management has reviewed and approved. Adjustments that were proposed were the result of recurring year-end accruals that were not recorded, transactions that were not recorded in the proper period, or balances that were not classified correctly. As part of the monthly or year-end close process, the City should ensure all cash accounts are fully reconciled.

Generally accepted auditing standards emphasize that the external auditor cannot be part of an entity's internal control process over financial reporting.

Corrective Action Plan

Staff shortages in Accounting and a vacancy in the Deputy Finance Director position in 2024 and the first quarter of 2025 made for a challenging audit. With positions filled now, the Accounting Team is implementing a monthly reconciliation of all cash accounts and month end processes to ensure less adjustments in future audits.

Person Responsible for Implementation for Corrective Action Plan: Melanie Smith,
Accounting Manager

Implementation Date of Corrective Action Plan: July 1st, 2025.