# VILLAGE OF NILES, ILLINOIS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended
April 30, 2025

Prepared by:

Finance Department

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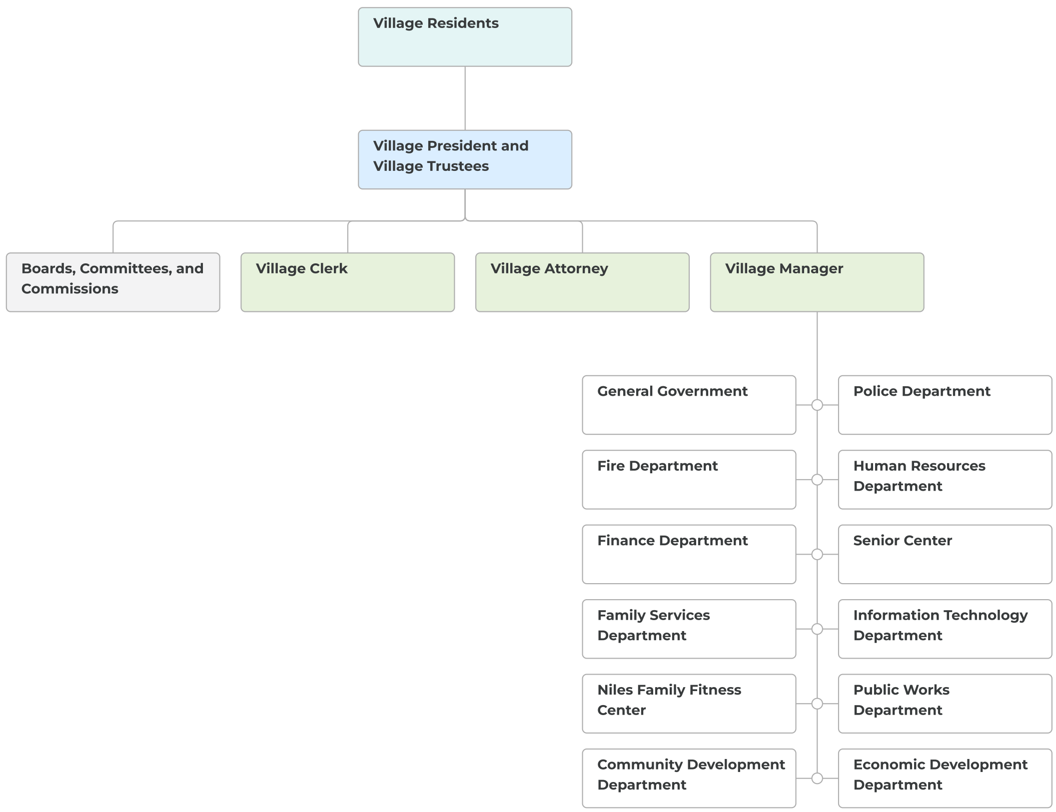

**VILLAGE OF NILES, ILLINOIS**
**PRINCIPAL OFFICIALS**
**April 30, 2025**

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## LEGISLATIVE

President: George D. Alpogianis

Village Clerk: Denise Mc Creery

| | |
|---|---|
| Susan J. DeBartolo, Trustee | Dean Strzelecki, Trustee |
| Morgan Dubiel, Trustee | Craig Niedermaier, Trustee |
| Marryann Warda, Trustee | Ajay R. Mody, Trustee |

## ADMINISTRATION

Acting Village Manager: Mark Janeck

Finance Director: Kenneth "Kent" Oliven, CPA

Community Development Director: Christine Raguso

Economic Development Director: John Melaniphy

Family Services Director: Susanne Malone

Acting Fire Chief: Richard Scipione

Human Resources Director: Donna M. Dunn

Information Technology Director: Rehman Ali

Police Chief: Joseph Romano

Public Works Director: Stephen Quinn

Senior Center Director: Kelly Mickle

Village Attorney: Danielle Grcic

THE VILLAGE OF NILES
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FINANCE DEPARTMENT


May 22, 2026

The Honorable George D. Alpogianis, Village President

Members of the Village Board of Trustees

Citizens of the Village of Niles, Illinois

We are pleased to submit this Annual Comprehensive Financial Report (ACFR) of the Village of Niles, Illinois (Village), for the fiscal year ended April 30, 2025. This report provides a broad view of the Village's financial activities for the 2025 fiscal year and its financial position at April 30, 2025. Although addressed to the elected officials and citizens of the Village, this report has other users, including bondholders of the Village, financial institutions, rating agencies and other government entities. Illinois statutes require that Illinois municipalities publish financial statement on an annual basis that are prepared in accordance with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

Responsibility for both the accuracy of the information presented in this report, as well as the completeness and fairness of the presentation, including all disclosures, rests with the Village. We believe that the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain maximum understanding of the Village's financial activities have been included.

The Village's financial statements have been audited by Sikich CPA LLP, a firm of licensed certified public accountants, Sikich CPA LLP has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2025. The independent auditor's report is located at the front of the financial section of this report. Management is required to provide a narrative introduction, overview, and analysis that accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). The Village's MD&A can be found immediately following the report of the independent auditors.

Management of the Village has established a system of internal controls that are designed to assure that the assets of the Village are safeguarded against loss, theft or misuse. The system of internal controls also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the likely benefits to be derived; and, (2) the evaluation of the costs and benefits requires estimates and judgements by management.



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This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it to obtain the most complete assessment of the Village's current financial status and its future prospects.

**Profile of the Village**

A. *Population*

The Village, incorporated in 1899, is contiguous to the northwest city limits of Chicago, in Cook County, Illinois. The Village currently occupies a land area of six square miles and serves a population of 30,912.

B. *Governmental Structure*

The Village is a "home-rule" municipality, as defined by the 1970 Illinois State Constitution. Home-rule municipalities have significantly broader authority and latitude to manage the financial issues of government, most significantly in the ability to issue debt and increase taxes.

The Village has operated under the administrative form of government since 1961. Policy making and legislative authority are vested in a governing Village Board of Trustees ("Village Board" or "Board") consisting of the Village President, often referred to as the "Mayor", and six (6) Trustees. The governing Board sets the policies for short-term and long-term Village initiatives. In support of the policy goals, the Board will adopt all necessary ordinances and resolutions, will approve an annual budget and appropriation, and will approve all construction contracts that exceed an expected cost of $25,000. All Board members are elected at large, on a non-partisan basis. Village Board members serve four-year staggered terms, with the Village President and three Trustees usually elected on the first Tuesday in April following U.S. Presidential years (years divided by four), while the other three Trustees are usually elected on the first Tuesday in April two years later. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board and for managing day-to-day Village operations.

C. *Types and Levels of Services Provided*

The Village of Niles provides a full range of services, including police and fire protection; water distribution; sanitary and storm sewer collection services; snow removal; traffic control; building inspections; health inspections; licenses and permits; a cable television channel; the construction and maintenance of highways, streets, streetlights, and other infrastructure; and recreational activities and cultural events.

Niles provides clean, healthful, potable water to both residents and businesses. This water is supplied by the Morton Grove-Niles Water Commission, which sources its water from Lake Michigan via the City of Evanston. Retail municipal water rates are set to purchase water and to maintain the system. The Village Board has approved annual scheduled increases in water rates beginning in FY2026 through FY2030.

The Village also supplies sanitary and storm sewer collection services. The Village sets sanitary sewer rates necessary to maintain the sanitary sewer system. Storm sewer services are provided through home rule sales taxes. These water and sewerage systems are separate organizations, or "departments", within a single enterprise fund. The Village Board has approved annual scheduled increases in sewer rates beginning in FY2026 through FY2030.

The Village is among the area leaders in providing services that directly affect the personal well-being of Village citizens. Under the auspices of Human Services, the Family Services Department, Senior Center, Niles Family Fitness Center, and Teen Center provide vital services to some of the Village's most vulnerable populations. Trained counseling professionals provide a resource for all residents in need of family or individual counseling. Seniors receive support services such as legal aid, home visits, and social interaction.

The Village's courtesy bus provides free bus service to shopping districts, recreation facilities, the Library, the Senior Center, and other public facilities. The bus service reduces traffic congestion and auto emissions, while allowing access to Niles' retail centers, thus boosting the local retail economy. The system is a cooperative partnership between the regional suburban bus authority of PACE and the Village of Niles.

Under State of Illinois Statutes, a Niles Police Pension Fund and a Niles Firefighters Pension Fund provide disability and retirement benefits to their respective full-time sworn officers. These two public safety pension funds are each managed by a separate five (5) person Board of Trustees ("pension board") which is comprised of two (2) members elected from active membership, one (1) member elected from beneficiaries, and two (2) appointed directly by the Village President. Each pension board oversees approving pension awards, makes pension payments, and manages cash management needs. The Village Treasurer is an ex-officio member of each public safety board, custodian of the funds, and, since early CY25 has been one of the two voting members appointed by Niles's Village President. Although not required, each pension fund hires an independent actuary to calculate the GASB required employer annual require contributions (ARC), as an ARC is not mandated by state statutes.

Under State of Illinois Statutes, public safety pension investments are managed by separate statewide consolidated entities, specifically the Illinois Police Officers' Pension Investment Fund (IPOPIF) and the Illinois Firefighters' Pension Investment Fund (IFPIF). Both consolidated plans are agent multiple plans, meaning that they manage investments jointly statewide, but calculate separate actuarial reports and underlying debt obligations for each local government pension fund.

The Village is required by State of Illinois statutes to provide minimum annual contributions toward funding each defined benefit plan. The Village Board levies property taxes to fund at least as much as the independent actuary's recommended levy. Although the Village has a financial obligation to fund the public safety pensions, the Village Board does not otherwise exercise financial control over either pension fund. The financial data for each public safety pension fund is separately presented in the financial statements. No separate financial statements are issued for either public safety pension fund.

The Village Board does not exercise financial control or accountability for any school district, park district, library district, or other governmental agency that is located within the Village limits or provides services to Village residents, and accordingly, they are not included in the Village's basic financial statements.

The Village adopts an annual appropriated budget for all its funds controlled by the Village Board. The funds not controlled by the Village Board are the Police Pension and Fire Pension fiduciary funds, the Foreign Fire Insurance Tax Fund, the DUI Fund, the Drug Asset Forfeiture Fund, the Article 36 Asset Forfeiture Fund, and the Federal Equity Share Fund.

*D. Major Village Funding Sources*

In addition to the water and sewer rates referenced above, the Village's major revenue sources are sales taxes and property taxes. In addition to these revenues, possible larger changes to three other revenue sources (Medicaid reimbursement of ambulance services, corporate personal property replacement taxes, and grants) are also detailed below.

1. Sales Taxes
   in Illinois, Sales Taxes are allocated back to the community where the sale occurred or, if the sale occurred via the Internet, to the community of the good's destination. A good indicator of local economic health is the trend in these retail sales and the Sales Taxes that are generated. Net total Sales Tax receipts (all funds) on food and general merchandise collected by the State of Illinois in FY24 was $34,508,207, an increase of 3.3% over the prior fiscal year

2. Property Taxes
   In Illinois, Property Taxes attach as an enforceable lien on January 1 of the tax year but are not billed and collected until the next calendar year. Cook County assesses each property triennially and all Niles properties were reassessed for tax year 2022. Tax bills for the Village of Niles are prepared by Cook County and are usually due and payable on or about March 1 and August 1. While the property tax bills due on March 1 were issued timely, the second installment bills due August 1 were significantly delayed because of an overhaul of the County's property tax computer system. The property tax bills were ultimately issued with a payment due date in mid-December. The Village had sufficient liquidity to be able to manage the delay in property tax distributions without needing to obtain any short-term borrowing.

   Property Taxes provide an important source of revenue for financing Village services. The total regular and debt service tax year 2024 property tax levy extended, not including separate special service area (SSA) levies, amounted to $14,546,044, or 3.8% more than the prior year. That figure represents a 15.3% increase from the previous year's final, abated TY23 levy. The 2024 tax year levy is collected by the Cook County Treasurer and remitted to the Village in calendar year 2025. The Village has two SSA levies which combined for $49,318 for TY23. Both SSA levies are collecting the parking lot construction costs due the Village over twenty (20) years from two multi-unit developments in Niles.

   As a home rule community, the Village does not have a property tax rate limit. Accordingly, the actual property tax rate is dependent upon the dollar amount of taxes levied and the equalized assessed valuation ("EAV") of property within the Village. In Niles, the EAV within the Village for tax year 2024 totaled $1,619,645,065 which is which is slightly higher than the prior year EAV of $1,619,625,927.

3. Ground Emergency Medical Transport Portion of Ambulance Billing
   Illinois' Ground Emergency Medical Transport (GEMT) Program is a federally funded Medicaid initiative that was introduced in Illinois through legislation in 2019. It allows municipalities to collect additional Medicaid reimbursement, which are typically lower than other payment methods. Niles joined the program in 2020 by signing an intergovernmental agreement (IGA) with the Illinois ❑epartment of Healthcare and Family Services. Ambulance fees decreased in FY2025 to $3,554,239, or 24.8% from the prior year. The Village believes that ambulance billing

revenue will be challenged as a result of increased competition from non-Village ambulance services and threats to Medicaid funding at the federal and state levels.

4. Personal Property Replacement Tax
   The Corporate Personal Property Replacement Taxes (CPPRT) are revenues collected by the State of Illinois and paid to local governments which replace funds lost by local governments after personal property taxes were eliminated in the 1970 Constitution. The Village collected $408,391 in FY2S and $665,145.78 in FY24, with further deceases expected in coming fiscal years.

*E. Brief Summary of the Budget Process*

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager each fiscal year. The Village Manager uses these requests as the starting point for developing a proposed budget. The proposed budget is presented to the Finance Committee, which votes to recommend it to the Village Board. This proposed budget is then presented to the Village Board. The Village Board is required to hold a public hearing on the proposed budget before passage.

The legal level of budgetary control (that is, the level at which expenditures may not legally exceed the established amount) is set at the fund level. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Village Manager.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund and major special revenue funds, these comparisons are presented on pages 86-87 as part of the required supplementary information. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund sub-section of this report, which starts on page 105.

**Information Useful in Assessing the Village's Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Village operates. The Niles unemployment rate on April 30, 2025, is estimated by the Illinois Department of Employment Security (IDES) to have been 4.5% which matched the statewide rate at that date. Those figures are up from the previous fiscal year's end of 3.8% (4.6% statewide). The estimated median household income in Niles is approximately $78,563 as of the date of this letter. The Village's past and current TIF redevelopment districts serve as catalysts for retail growth. The major shopping centers in the Village offer an attractive mix of goods and services. There is a vibrant local business community supported by residents who are aware of the impact of keeping commerce local.

Financial Policies

The Village has established specific policies to guide its financial operations. These policies are designed to help ensure that the Village is in a position to continue meeting its current and long-term service objectives. Some of the more significant policies include:

- A purchasing policy that establishes process and procedures for ensuring that the best products and services are obtained by the Village at the lowest responsible cost;
- An investment policy to provide for market investment returns while protecting principal;
- A debt management policy to provide a comprehensive set of rules and guidelines for the issuance, management and reporting of debt;
- A fund balance policy setting forth benchmark reserve levels to be maintained in various funds to ensure proper working capital to fund ongoing Village operations.

**Major Accomplishments and Initiatives**

The fiscal year ended April 30, 2025, saw many accomplishments and major initiatives realized, including:

- Niles was recognized as one of America's 30 safest and wealthiest retirement towns.
- At $1,142 sales tax per capita, Niles is among the highest sales tax per capita municipalities in Illinois.
- The Village undertook a pilot program to replace lead water lines for 315 homes reinforcing a commitment to public health and infrastructure improvement.
- The Niles Police Department responded to 44,653 calls for service and made 11,933 criminal arrests evidencing the Village's commitment to public safety.
- The Niles Fire Department took delivery of a new approximately $889,000 new fire engine and responded to 7,826 calls for service and installed 273 smoke alarms in homes during the year.
- Public Works put down 25,468 gallons of salt pre-wetting and used 1,959 tons of salt to keep roadways safe during snow and ice events.
- Streets and Forestry trimmed 2,500 trees, planted 198 trees and removed 60 trees in FY2025.
- Community Development issued 1,407 business licenses, 1,617 permits, processed 870 rental licenses and 825 contractor's licenses during the year.
- The Village experienced a 20% decline in the number of locations treated for rodent activity its Rodent Mitigation Program.
- The Village processed 849 Freedom of Information (FOIA) requests during the year.
- Niles' Waste Collection program collected 8,369 tons of refuse, and diverted 2,241 tons of recyclable materials from landfills.
- Information Technology successfully defended the Village's information system from 650 malicious emails per day.
- Niles Fire Department invested 453 training hours per firefighter to improve response time and firefighter safety.
- The Village completed a Request for Proposal (RFP) process to identify a design firm for the replacement of Fire Station #2.
- Niles Family Services filed an application to become a Behavioral Health Clinic to provide Medicaid services for families in need.
- The Niles Teen Center presented programs and activities to 11,500 individuals during the year.

- The Niles Senior Center provided 10,842 meals at the Center's Café through a partnership with Meals on Wheels.
- The Fitness Center provides a state-of-the-art facility and equipment to 2,360 members helping to shape a healthier, more connected community.
- The Village commissioned the public art piece, High Flight, which honors veterans, evidencing its ongoing commitment to arts and culture.

Some significant initiatives planned for FY2026 include:

- Continue analyzing operations, staffing, and programs to ensure cost-effective, efficient, and quality service is provided to residents and businesses.
- Continue to guide the analysis, design, and implementation of information and technology assets leveraging projects across multiple departments to support Village operations and provide excellent customer service.
- Continue developing intergovernmental relationships to leverage taxpayer dollars and enhance services.
- Enhance the Village's community planning and economic development efforts to continue improving the quality of life in the Village of Niles.
- Enhance the Village's communication program to promote expedient and effective dissemination of information to internal and external customers of the Village.

The preparation of this report could not have been accomplished without the dedicated staff of the Finance Department. Their perseverance through leadership and staff changes and shifting priorities is greatly appreciated. I would also like to express our gratitude to our accounting firm, Sikich CPA LLP, for their professionalism, expertise and assistance in the preparation of this report.

The Village President, Board of Trustees and Village Administration are also acknowledged and thanked for providing effective leadership and allocating resources responsibly to meet the ongoing needs of the Village.

Respectfully submitted.

Thomas J. Glaser

Thomas J. Glaser
Interim Finance Director

# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Village Board of Trustees
Village of Niles, Illinois

## Report on the Audit of the Financial Statements

## Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Niles, Illinois (the Village), as of and for the year ended April 30, 2025, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Niles, Illinois as of April 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

*Report on Summarized Comparative Information*

We have previously audited the basic financial statements of the Village of Niles, Illinois as of and for the year ended April 30, 2024 and our report dated August 19, 2025, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Change in Accounting Principle*

As described in Note 1 to the financial statements, the Village adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, during the year ended April 30, 2025. The implementation of this guidance resulted in changes to liabilities and notes to the financial statements. Our opinion is not modified with respect to this matter.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village 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.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Village's 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 Village's 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 basic 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Niles, Illinois' basic financial statements for the year ended April 30, 2024, which are not presented with the accompanying financial statements. In our report dated August 19, 2025, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Niles, Illinois' basic financial statements as a whole. The 2024 comparative information included on certain combining and individual fund statements and schedules is presented for purposes of additional analysis 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 2024 financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic 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 2024 comparative information included on certain combining and individual fund statements and schedules are fairly stated in all material respects in relation to the financial statements from which they have been derived.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2026 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
May 19, 2026

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# 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*

The Honorable Mayor
Members of the Village Board of Trustees
Village of Niles, Illinois

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 the Village of Niles, Illinois (the Village), as of and for the year ended April 30, 2025, and the related notes to financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 19, 2026.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001, 2025-002, and 2025-003 that we considered to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village'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*.

**The Village's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich CPA LLC

Naperville, Illinois
May 19, 2026

**Current Year Audit Findings**

**SIGNIFICANT DEFICIENCIES**

**2025-001: Financial Reporting**

*Criteria*: The Village's financial statements are to be presented in accordance with generally accepted accounting principles as well as include all necessary disclosures as required by the Governmental Accounting Standards Board (GASB).

*Condition*: During our audit, we identified and proposed audit adjustments, which were reviewed and approved by management, to present fairly the Village's basic financial statements. The adjustments were to various accounts and were material in nature.

*Cause and Effect*: The accounting department has a limited number of staff who may not always have the time or specialized expertise required to prepare GAAP financial statements and include all disclosures as required by GASB. Without adequate internal control over financial reporting, the financial statements may not contain all the required disclosures or properly adjusted account balances if prepared by the Village.

*Recommendation*: As part of the year-end closing process, we recommend the Village review these and all other financial statement line items to ensure they are properly adjusted and agree to subsidiary ledgers.

*Views of Responsible Officials:*

Management concurs with this recommendation and recognizes the importance of ensuring that financial statements are prepared in accordance with GAAP and include all required GASB disclosures.

The Village is implementing a formalized monthly and year-end close process to strengthen internal controls over financial reporting. This process includes timely reconciliation of all balance sheet accounts, review of general ledger activity, and preparation of standardized closing checklists to ensure completeness and accuracy.

In addition, management will enhance its financial reporting procedures by assigning responsibility for the preparation and review of year-end financial statements and disclosures to qualified finance personnel, with oversight by the Assistant Finance Director. Where necessary, the Village will utilize external technical resources to assist with complex accounting and disclosure requirements.

These actions are intended to improve the accuracy and completeness of financial reporting, reduce the number of audit adjustments, and ensure compliance with GAAP and GASB standards.

**SIGNIFICANT DEFICIENCIES (Continued)**

**2025-002: Reconciliations**

*Criteria*: Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized or resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind. An unreconciled difference that appears immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent.

*Condition*: The Village's cash accounts were not fully reconciled to the appropriate general ledger balances and final reconciliations presented differences when compared to the general ledger, as well as outstanding transactions that were offset by additional reconciling items to add back the outstanding transactions.

*Cause and Effect*: The accounting department has a limited number of staff who may not always have the time or expertise to fully reconcile the bank statements and has limited oversight over the reconciliation process.

*Recommendation*: We recommend that all bank accounts be reconciled each month prior to preparation of the monthly financial statements, which includes agreeing the ending balances to the Village's trial balance. We also recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by another responsible employee. The review of bank accounts should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result be recorded.

*Views of Responsible Officials:*

Management concurs with this recommendation and acknowledges the importance of timely, accurate, and fully supported bank reconciliations.

Responsibility for completing monthly bank reconciliations has been assigned to a designated Senior Accountant, with all reconciliations to be completed by the 10th business day of the following month. Each reconciliation will include agreement of bank balances to the general ledger and trial balance, as well as detailed support for all reconciling items.

**SIGNIFICANT DEFICIENCIES (Continued)**

**2025-002: Reconciliations (Continued)**

*Views of Responsible Officials:* (Continued)

The Assistant Finance Director will perform a documented monthly review of all reconciliations to ensure accuracy and completeness. This review will include verification of mathematical accuracy, tracing of reconciling items to supporting documentation, and confirmation that all differences are fully resolved or appropriately explained.

Any unreconciled differences will be promptly investigated and resolved, and any necessary journal entries will be recorded in a timely manner. These enhancements are intended to strengthen internal controls over cash and ensure the reliability of financial reporting.

**2025-003: Payments Made Outside Accounts Payable**

*Criteria*: Proper internal controls require that all vendor payments be processed through the formal accounts payable (AP) process. This ensures that appropriate documentation, including purchase orders, payments, and invoices, are reviewed and retained to support the validity, accuracy, and authorization of the transactions. These controls are essential to maintain financial integrity, prevent errors or fraud, and ensure compliance with organizational policies and GAAP.

*Condition*: During our audit, we identified instances where payments are being made via wire transfer without processing through the Village's standard AP process. These payments lacked supporting documentation in the form of approved invoices and purchase orders, and they were not subject to the standard AP review and approval workflow.

*Cause and Effect*: This has occurred due to outsourced management and a lack of enforcement over standard procedures within the accounting department. This may result in inaccurate financial reporting, as well as unauthorized or duplicate payments, and a lack of an audit trail and accountability over the transactions.

## SIGNIFICANT DEFICIENCIES (Continued)

### 2025-003: Payments Made Outside Accounts Payable (Continued)

*Recommendation*: We recommend that management reinforce the importance of the standard AP procedures. All vendor payments should be processed through the formal AP system, and adequate documentation and backup (including invoices and purchase orders) should be required prior to payment.

*Views of Responsible Officials*:

Management concurs with this recommendation and will require that all vendor payments, including wire transfers, be processed through the Village's formal accounts payable (AP) system.

Effective immediately, no payments will be issued without appropriate supporting documentation, including approved invoices and purchase orders, and all transactions will be subject to the established AP review and approval workflow. Wire transfers will require documented pre-approval and will be incorporated into the AP system to ensure a complete audit trail.

Management will reinforce compliance with these procedures through formal policy communication, staff training, and ongoing monitoring. The Assistant Finance Director will conduct periodic reviews of disbursement activity to ensure adherence to established controls and to identify and address any deviations.

In coordination with the IT Department and Tyler Technologies, workflow enhancements will be implemented to strengthen system-based controls, enforce required approvals, and ensure proper segregation of duties. These actions are intended to improve accountability, reduce the risk of unauthorized or duplicate payments, and ensure compliance with internal policies and GAAP.

Management will monitor the implementation of these corrective actions and evaluate their effectiveness through ongoing internal control assessments. The Village remains committed to continuous improvement in its financial management practices and maintaining strong internal controls.