



**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**

AUDITOR'S COMMUNICATION TO THE  
BOARD OF TRUSTEES AND MANAGEMENT

For the Year Ended April 30, 2019



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**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**  
**AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES**  
**AND MANAGEMENT**  
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1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

August 13, 2019

The Honorable President  
Members of the Board of Trustees  
Village of Indian Head Park  
201 Acacia Drive  
Indian Head Park, Illinois 60525

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on January 3, 2019.

In addition, auditing standards require the communication of internal control related matters to management. Our communication of those matters is enclosed within this document.

This information is intended solely for the use of the President, Members of the Board of Trustees and management of the Village of Indian Head Park and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Sikich LLP*

Sikich LLP  
By: Brian D. LeFevre, CPA, MBA  
Partner

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

August 13, 2019

Members of the Board of Trustees  
Village of Indian Head Park  
Indian Head Park, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Village of Indian Head Park for the year ended April 30, 2019. Professional standards require that we provide you with the following information related about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2018, except for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We noted no transactions entered into by the Village during the year for which there is lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the basic financial statements except for the actuarial assumptions used by the actuary in determining the total pension liability and the total OPEB liability.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the financial statements. The financial statement disclosures are neutral, consistent, and clear.

## **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the majority of the misstatements detected as a result of audit procedures as shown on the attached schedule and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated August 13, 2019.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

We applied certain limited procedures to the required supplementary information (RSI), including the Management's Discussion and Analysis, as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the financial statements themselves.

We were not engaged to report on the supplemental data, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the use of the Board of Trustees, management of the Village of Indian Head Park and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Sikich LLP*

Sikich LLP

By: Brian D. LeFevre, CPA, MBA

Partner

**Village of Indian Head Park**

**Year End: April 30, 2019**

**Adjusting Journal Entries**

**Date: 5/1/2018 To 4/30/2019**

Number	Date	Name	Account No	Debit	Credit
AJE#01	4/30/2019	Deferred Outflows - IMRF	02-00-1601-000 WS-02	165,084.00	
AJE#01	4/30/2019	Net Pension Liability	02-00-2047-100 WS-02		-250,936.00
AJE#01	4/30/2019	Deferred Inflows-IMRF	02-00-2050-000 WS-02	83,575.00	
AJE#01	4/30/2019	Pension	02-85-6107-000 WS-02	1,458.00	
AJE#01	4/30/2019	Pension	02-90-6107-000 WS-02	819.00	
AJE#01	4/30/2019	Deferred OF of Resource-IMRF	99-00-2400-000 G-99	617,714.00	
AJE#01	4/30/2019	Net Pension Liability-IMRF	99-00-2700-000 G-99		-938,954.00
AJE#01	4/30/2019	Deferred Inflows of Resources-IM	99-00-2800-000 G-99	312,720.00	
AJE#01	4/30/2019	Pension Expense - GG	99-00-5000-000 G-99	1,723.00	
AJE#01	4/30/2019	Pension Expense - Police	99-00-5500-000 G-99	639.00	
AJE#01	4/30/2019	Pension Expense - PW	99-00-5600-000 G-99	6,158.00	

Entry related to IMRF GASB 68 activity

AJE#02	4/30/2019	Receivable-Non Home Rule	01-00-1203-000 GF-01	22,254.33	
AJE#02	4/30/2019	Receivable-Illinois Income Tax	01-00-1204-000 GF-01		-24,249.21
AJE#02	4/30/2019	Receivable-Illinois Sales Tax	01-00-1206-000 GF-01	47,155.89	
AJE#02	4/30/2019	Receivable - State Local Use Tax	01-00-1207-000 GF-01	24,472.51	
AJE#02	4/30/2019	Receivable-Utility Tax	01-00-1208-000 GF-01	7,109.83	
AJE#02	4/30/2019	Receivable-Utility Tax	01-00-1208-000 GF-01	4,543.38	
AJE#02	4/30/2019	Receivable-Utility Tax	01-00-1208-000 GF-01	1,297.14	
AJE#02	4/30/2019	Receivable - Telecom Excise Tax	01-00-1209-000 GF-01	20,879.28	
AJE#02	4/30/2019	Receivable-Gaming Tax	01-00-1210-000 GF-01	7,445.96	
AJE#02	4/30/2019	Receivable-Gaming Tax	01-00-1210-000 GF-01		-1,297.14
AJE#02	4/30/2019	Deferred Rev-Other Taxes	01-00-2203-000 GF-01		-7,883.75
AJE#02	4/30/2019	Excess Rev. over Exp.	01-00-3065-000 GF-01	52,240.65	
AJE#02	4/30/2019	Electricity Taxes	01-00-4202-000 GF-01		-7,109.83
AJE#02	4/30/2019	Natural Gas Taxes	01-00-4205-000 GF-01		-4,543.38
AJE#02	4/30/2019	Telecommunication	01-00-4209-000 GF-01		-20,879.28
AJE#02	4/30/2019	State Gaming Tax	01-00-4402-000 GF-01		-7,445.96
AJE#02	4/30/2019	State Income Tax	01-00-4403-000 GF-01	24,249.21	
AJE#02	4/30/2019	State Income Tax	01-00-4403-000 GF-01		-52,240.65
AJE#02	4/30/2019	State Sales Tax	01-00-4405-000 GF-01		-47,155.89
AJE#02	4/30/2019	State Local Use Tax	01-00-4406-000 GF-01		-24,472.51
AJE#02	4/30/2019	Non Home Rule Tax	01-00-4408-000 GF-01		-22,254.33
AJE#02	4/30/2019	Non Home Rule Tax	01-00-4408-000 GF-01	7,883.75	
AJE#02	4/30/2019	Receivable-State of IL	10-00-1207-000 MFT-10	8,719.82	
AJE#02	4/30/2019	State Allotment	10-00-4415-000 MFT-10		-8,719.82

Entries to correct State taxes

AJE#03	4/30/2019	Deferred Outflows - OPEB	02-00-1602-000 WS-02	8,963.00	
AJE#03	4/30/2019	OPEB Liability	02-00-2048-000 WS-02		-155,612.00
AJE#03	4/30/2019	OPEB Liability	02-00-2048-000 WS-02	16,446.00	
AJE#03	4/30/2019	Deferred Inflows - OPEB	02-00-2060-000 WS-02		-19,432.00
AJE#03	4/30/2019	Excess Rev over Exp	02-00-3065-000 WS-02	155,612.00	
AJE#03	4/30/2019	OPEB Expense	02-92-6240-000 WS-02		-3,882.00
AJE#03	4/30/2019	OPEB Expense	02-92-6241-000 WS-02		-2,095.00
AJE#03	4/30/2019	Net OPEB Asset	99-00-1900-000 G-99		-27,869.00
AJE#03	4/30/2019	Deferred Outflows - OPEB	99-00-2450-000 G-99	21,815.00	

Number	Date	Name	Account No	Debit	Credit
AJE#03	4/30/2019	Deferred Inflows - OPEB	99-00-2850-000 G-99		-47,299.00
AJE#03	4/30/2019	OPEB Liability	99-00-2950-000 G-99		-378,771.00
AJE#03	4/30/2019	OPEB Liability	99-00-2950-000 G-99	40,030.00	
AJE#03	4/30/2019	Excess Rev. over Exp.	99-00-3065-000 G-99	27,869.00	
AJE#03	4/30/2019	Excess Rev. over Exp.	99-00-3065-000 G-99		-14,967.00
AJE#03	4/30/2019	Excess Rev. over Exp.	99-00-3065-000 G-99	378,771.00	
AJE#03	4/30/2019	Change in OPEB Liability - GG	99-00-5008-000 G-99	14,967.00	
AJE#03	4/30/2019	Change in OPEB Liability - GG	99-00-5008-000 G-99		-4,236.00
AJE#03	4/30/2019	Change in OPEB Liability - PW	99-00-5009-000 G-99		-1,786.00
AJE#03	4/30/2019	Change in OPEB Liability - PS	99-00-5010-000 G-99		-8,524.00
Entry related to OPEB GASB 75 activity					
AJE#04	4/30/2019	Transfer from Water/Sewer Fund	01-00-5711-000 GF-01		-40,903.14
AJE#04	4/30/2019	Vehicles/Other Equipment	01-31-6438-000 GF-01		-13,637.23
AJE#04	4/30/2019	Vehicles/Other Equipment	01-31-6438-000 GF-01		-27,265.91
AJE#04	4/30/2019	Capital Lease - Principal	01-92-6301-200 GF-01	13,637.23	
AJE#04	4/30/2019	Capital Lease - Principal	01-92-6301-200 GF-01	27,265.91	
AJE#04	4/30/2019	Capital Lease - Principal	01-92-6301-200 GF-01	40,903.14	
AJE#04	4/30/2019	Capital Lease - Principal	01-92-6301-200 GF-01		-4,358.28
AJE#04	4/30/2019	Capital Lease - Interest	01-92-6301-201 GF-01	4,358.28	
AJE#04	4/30/2019	Vehicles/Other Equipment	02-85-6438-000 WS-02		-6,818.62
AJE#04	4/30/2019	Vehicles/Other Equipment	02-85-6438-000 WS-02		-13,632.96
AJE#04	4/30/2019	Transfer to General Fund	02-90-6400-000 WS-02	40,903.14	
AJE#04	4/30/2019	Vehicles/Other Equipment	02-90-6438-000 WS-02		-6,818.61
AJE#04	4/30/2019	Vehicles/Other Equipment	02-90-6438-000 WS-02		-13,632.95
Entry related to the final payoff of the capital lease (reclassifying amounts to principal and interest in the GF & recording transfer from W/S to GF for amounts paid from the W/S fund)					
AJE#05	4/30/2019	Regular Salaries	01-11-6102-000 GF-01		-9,551.05
AJE#05	4/30/2019	Regular Salaries	01-21-6102-000 GF-01	9,551.05	
Entry to record salaries into a new account in the General Fund					
AJE#06	4/30/2019	SBoC Revenue Account	01-00-1010-000 GF-01	22,815.00	
AJE#06	4/30/2019	Due from Special Park Fund	01-00-1320-000 GF-01		-22,815.00
AJE#06	4/30/2019	SBoC Revenue Account	16-00-1010-000 SP-16		-22,815.00
AJE#06	4/30/2019	Due to Corporate Fund	16-00-2100-500 SP-16	22,815.00	
To reduce due to corporate fund.					
AJE#07	4/30/2019	Excess Rev over Exp	02-00-3065-000 WS-02		-122,956.52
AJE#07	4/30/2019	Excess Rev over Exp	02-00-3065-000 WS-02		-75,429.70
AJE#07	4/30/2019	Prof Services-Engineering	02-85-6252-112 WS-02	75,429.70	
AJE#07	4/30/2019	Water Sewer Capital Undesignated	02-85-6419-000 WS-02	122,956.52	
AJE#07	4/30/2019	Prof Services-Engineering	56-95-6252-112 WCF-56		-198,386.22
AJE#07	4/30/2019	CAPITALIZED ASSETS	56-95-6700-000 WCF-56	198,386.22	
Entries related to the IEPA engineering expenditures and capital asset activity					
AJE#08	4/30/2019	SBoC Revenue Account	01-00-1010-000 GF-01	23,050.94	
AJE#08	4/30/2019	Deferred Rev-Property Tax	01-00-2201-000 GF-01		-23,050.94

Number	Date	Name	Account No	Debit	Credit
AJE#08	4/30/2019	SBoC Revenue Account	10-00-1010-000 MFT-10		-23,050.94
AJE#08	4/30/2019	Due to Corporate Fund	10-00-2100-500 MFT-10	23,050.94	
Entry to reduce the due to in the MFT Fund					
AJE#09	4/30/2019	SBoC A/P Operating Account	01-00-1012-000 GF-01		-1,937.60
AJE#09	4/30/2019	Telephone/Communication	01-41-6273-000 GF-01	1,937.60	
AJE#09	4/30/2019	SBoC A/P Operating Account	11-00-1012-000 911F-11	1,937.60	
AJE#09	4/30/2019	Ameritech Line Charges	11-95-6204-000 911F-11		-1,937.60
Entry to record 911 expenditures in the General Fund					
AJE#10	4/30/2019	FSA	01-00-2012-000 GF-01		-2,565.07
AJE#10	4/30/2019	Dental Insurance	01-00-2013-000 GF-01		-5,862.25
AJE#10	4/30/2019	Garnishments	01-00-2019-000 GF-01	1,665.20	
AJE#10	4/30/2019	Misc. Reimbursements	01-00-4712-000 GF-01	5,862.25	
AJE#10	4/30/2019	Misc. Reimbursements	01-00-4712-000 GF-01	2,565.07	
AJE#10	4/30/2019	Clothing & Uniforms	01-41-6308-000 GF-01		-1,665.20
Entry to correct immaterial insurance accounts					
AJE#11	4/30/2019	SBoC A/P Operating Account	01-00-1012-000 GF-01	49,937.50	
AJE#11	4/30/2019	Misc. Income	01-00-5105-000 GF-01		-30,224.00
AJE#11	4/30/2019	Misc. Income	01-00-5105-000 GF-01	49,937.50	
AJE#11	4/30/2019	Sale of Capital Assets	01-00-5125-000 GF-01		-49,937.50
AJE#11	4/30/2019	Sale of Capital Assets	01-00-5125-000 GF-01		-49,937.50
AJE#11	4/30/2019	Vehicles/Other Equipment	01-31-6438-000 GF-01	30,224.00	
AJE#11	4/30/2019	SBoC A/P Operating Account	02-00-1012-000 WS-02		-49,937.50
AJE#11	4/30/2019	Miscellaneous Income	02-00-5105-000 WS-02		-30,224.00
AJE#11	4/30/2019	Miscellaneous Income	02-00-5105-000 WS-02	49,937.50	
AJE#11	4/30/2019	Sale of Capital Asset	02-00-5125-000 WS-02		-49,937.50
AJE#11	4/30/2019	Sale of Capital Asset	02-00-5125-000 WS-02	49,937.50	
AJE#11	4/30/2019	Vehicles/Other Equipment	02-85-6438-000 WS-02	30,224.00	
To adjust miscellaneous revenue for fixed asset transactions					
AJE#12	4/30/2019	Motor Vehicles	02-00-1810-000 WS-02	30,224.00	
AJE#12	4/30/2019	Accumulated Depreciation-Water	02-00-1850-200 WS-02		-3,778.00
AJE#12	4/30/2019	Vehicles/Other Equipment	02-85-6438-000 WS-02		-30,224.00
AJE#12	4/30/2019	Depreciation	02-92-6733-000 WS-02	3,778.00	
AJE#12	4/30/2019	Vehicles	98-00-1022-600 G-98		-30,224.00
AJE#12	4/30/2019	Accu Dep - Vehicles	98-00-1023-600 G-98	3,778.00	
AJE#12	4/30/2019	Purchase of Capital Assests-Publ	98-00-1400-200 G-98	30,224.00	
AJE#12	4/30/2019	Depreciation-Public Works	98-00-1500-300 G-98		-3,778.00
Adjustment to capital assets to reclass Vehicle that is 50% Public Works and 50% Enterprise					
AJE#13	4/30/2019	Insurance Deposit-IRMA	01-00-1216-000 GF-01		-6,342.88
AJE#13	4/30/2019	Deferred Rev-IRMA	01-00-2202-000 GF-01	6,342.88	
AJE#13	4/30/2019	Insurance Deposits	02-00-1251-000 WS-02		-906.12
AJE#13	4/30/2019	Insurance Allocation	02-85-6253-000 WS-02	906.12	
Entry to update the IRMA excess surplus credit as of 4/30/2019					

Number	Date	Name	Account No	Debit	Credit
AJE#14	4/30/2019	Property Taxes Receivable	01-00-1202-000 GF-01	25,026.90	
AJE#14	4/30/2019	Deferred Rev-Property Tax	01-00-2201-000 GF-01		-28,178.52
AJE#14	4/30/2019	Corporate Purpose	01-00-4103-000 GF-01	1,447.22	
AJE#14	4/30/2019	Corporate Purpose	01-00-4103-000 GF-01	30,766.19	
AJE#14	4/30/2019	Police Protection	01-00-4105-000 GF-01	396.10	
AJE#14	4/30/2019	Streets & Bridges	01-00-4107-000 GF-01		-30,766.19
AJE#14	4/30/2019	IMRF	01-00-4109-000 GF-01	438.00	
AJE#14	4/30/2019	Liability Insurance	01-00-4111-000 GF-01	407.70	
AJE#14	4/30/2019	Audit	01-00-4113-000 GF-01	74.30	
AJE#14	4/30/2019	FICA	01-00-4115-000 GF-01	388.30	
AJE#14	4/30/2019	Property Taxes Receivable	16-00-1202-000 SP-16	805.50	
AJE#14	4/30/2019	Deferred Revenue-Property Taxes	16-00-2201-000 SP-16		-890.35
AJE#14	4/30/2019	Real Estate Taxes	16-00-4102-000 SP-16	84.85	
AJE#14	4/30/2019	Property Taxes Receivable	40-00-1202-000 BDS-40	2,382.25	
AJE#14	4/30/2019	Deferred Revenue-Property Tax	40-00-2201-000 BDS-40		-3,119.17
AJE#14	4/30/2019	Real Estate Taxes	40-00-4102-000 BDS-40	736.92	
Entry to record current year property tax activity					
AJE#15	4/30/2019	Insurance Deposit-IPBC	01-00-1216-100 GF-01		-5,179.65
AJE#15	4/30/2019	IPBC Revenue	01-00-5130-000 GF-01	5,179.65	
AJE#15	4/30/2019	Insurance Deposits-IPBC	02-00-1251-100 WS-02		-700.35
AJE#15	4/30/2019	Insurance Recoveries	02-00-5130-000 WS-02	700.35	
Entry to correct the IPBC terminal reserve and the change from PY					
AJE#16	4/30/2019	Economic Development Consultant	01-51-6403-000 GF-01		-11,460.39
AJE#16	4/30/2019	Transfer to Capital Impro	01-92-6664-000 GF-01	11,460.39	
Entry to move expense in General Fund to Transfer Out					
AJE#17	4/30/2019	SBoC A/P Operating Account	01-00-1012-000 GF-01		-4,975.00
AJE#17	4/30/2019	Misc. Income	01-00-5105-000 GF-01	4,975.00	
AJE#17	4/30/2019	Misc. Income	01-00-5105-000 GF-01		-9,950.00
AJE#17	4/30/2019	Vehicles/Other Equipment	01-31-6438-000 GF-01	9,950.00	
AJE#17	4/30/2019	SBoC A/P Operating Account	02-00-1012-000 WS-02	4,975.00	
AJE#17	4/30/2019	Miscellaneous Income	02-00-5105-000 WS-02		-4,975.00
Entry to move riding mower costs out of the Water Fund and into the General Fund					
AJE#18	4/30/2019	Street Light Maintenance	10-95-6225-000 MFT-10	7,054.51	
AJE#18	4/30/2019	Tr. to Gen-Snow Rem Equip Rentl	10-95-6252-130 MFT-10		-7,054.51
Entry to reclass expenditures from transfer to expenditure line item in the MFT Fund					
AJE#19	4/30/2019	Accounts Payable	01-00-2002-000 GF-01		-1,138.89
AJE#19	4/30/2019	Dispatch Assessment	01-41-6202-000 GF-01	1,138.89	
System Dispatching Monitoring Services on Indian Head Park Frequency Channel					

Number	Date	Name	Account No	Debit	Credit
AJE#20	4/30/2019	Infrastructure	98-00-1022-500 G-98	25,392.80	
AJE#20	4/30/2019	Accu Dep - Infrastructure	98-00-1023-500 G-98		-634.82
AJE#20	4/30/2019	Purchase of Capital Assests-Publ	98-00-1400-200 G-98		-25,392.80
AJE#20	4/30/2019	Depreciation-Public Works	98-00-1500-300 G-98	634.82	
Entry to Add Storm Sewer to Fixed Assets					
AJE#21	4/30/2019	Purchase of Capital Assests-Publ	98-00-1400-200 G-98	59,780.00	
AJE#21	4/30/2019	Excess Rev. over Exp.	98-00-3065-000 G-98		-59,780.00
Entry to post prior year income statement activity in Fund 98 to equity					
AJE#22	4/30/2019	Equipment	02-00-1800-000 WS-02		-4,020.00
AJE#22	4/30/2019	Motor Vehicles	02-00-1810-000 WS-02	4,020.00	
Entry to reclassify \$4,020 between two equipment accounts for capital assets					
AJE#24	4/30/2019	Change in Comp Abs-GG	99-00-5002-000 G-99		-10,199.05
AJE#24	4/30/2019	Change in Comp Abs-GG	99-00-5002-000 G-99		-5,236.90
AJE#24	4/30/2019	Change in Comp Abs-PS	99-00-5003-000 G-99	18,317.04	
AJE#24	4/30/2019	Change in Comp Abs-PS	99-00-5003-000 G-99	18,881.03	
AJE#24	4/30/2019	Change in Comp Abs-PW	99-00-5004-000 G-99		-1,124.02
AJE#24	4/30/2019	Change in Comp Abs-PW	99-00-5004-000 G-99		-13,644.13
AJE#24	4/30/2019	Fund Balance	99-00-9000-000 G-99	10,199.05	
AJE#24	4/30/2019	Fund Balance	99-00-9000-000 G-99		-18,317.04
AJE#24	4/30/2019	Fund Balance	99-00-9000-000 G-99	1,124.02	
Entry related to the change in compensated absences accounts					
AJE#25	4/30/2019	SBoC A/P Operating Account	01-00-1012-000 GF-01		-4,267.65
AJE#25	4/30/2019	SBoC A/P Operating Account	01-00-1012-000 GF-01		-13,107.00
AJE#25	4/30/2019	Misc. Receivables	01-00-1213-000 GF-01	4,267.65	
AJE#25	4/30/2019	Misc. Receivables	01-00-1213-000 GF-01	1,000.00	
AJE#25	4/30/2019	Performance Bonds Payable	01-00-2310-000 GF-01	13,107.00	
AJE#25	4/30/2019	Misc. Income	01-00-5105-000 GF-01		-1,000.00
AJE#25	4/30/2019	SBoC A/P Operating Account	02-00-1012-000 WS-02		-1,088.40
AJE#25	4/30/2019	Misc. Receivables	02-00-1213-000 WS-02	1,088.40	
AJE#25	4/30/2019	SBoC A/P Operating Account	80-00-1012-000 A-80	5,356.05	
AJE#25	4/30/2019	SBoC A/P Operating Account	80-00-1012-000 A-80	13,107.00	
AJE#25	4/30/2019	Misc. Receivables	80-00-1213-000 A-80		-5,356.05
AJE#25	4/30/2019	Performance Bond Payable	80-00-2310-000 A-80		-13,107.00
Reclass miscellaneous receivables and performance bonds to correct funds					

**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**

**COMMUNICATION OF DEFICIENCIES  
IN INTERNAL CONTROL AND  
OTHER COMMENTS TO MANAGEMENT**

April 30, 2019

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

## **COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT**

Mr. John DuRocher, Village Administrator  
Ms. Argelia Garbacz, Finance Manager  
Village of Indian Head Park, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 Village'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.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication.

This memorandum is intended solely for the information and use of management and is not intended and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
August 13, 2019

## DEFICIENCIES

### 1. Segregation of Duties

Once of the most important aspects of a system of internal controls is the segregation of duties, asset custody, and transaction authorization and recording. Due to the limited number of staff employed by the Village, we recognize that it is not cost beneficial to segregate these duties. The Board has implemented a rigorous disbursement approval process which can compensate for the lack of segregation of duties. For example, the Board approves all bills and only Board members are authorized signers with two signatures being needed to draw down amounts from the Village's accounts. We recommend that the Board continue its involvement in the billing and disbursement process on an ongoing basis.

### 2. Year End Financial Reporting and Accruals

It was noted that many adjustments to the trial balance were necessary. It is recommended that the Village adopt and implement a process for year end processing and accruals.

### 3. Outstanding Checks

During our testing of cash at the 3100 section, Sikich noted several outstanding checks greater than 6 months old. Sikich recommends that old outstanding reconciling items on the bank reconciliation be evaluated and adjusted.

## OTHER COMMENTS

### 1. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the District in the future.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this standard are effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending April 30, 2020.

## **OTHER COMMENTS (Continued)**

### **1. Future Accounting Pronouncements (Continued)**

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and aims to enhance comparability of financial statements among governments. This statement also requires additional notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for the fiscal year ending April 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, was issued in March 2018 and provides guidance on improving disclosures in the notes to the financial statements related to debt, including direct borrowings and direct placements of debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for fiscal years ending April 30, 2020.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, was issued in June 2018 and provides guidance for interest cost incurred before the end of a construction period, including interest previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for the fiscal year ending April 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61, was issued in August 2018. The primary objectives of this Statement are to improve the consistency in the measurement and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement establishes that ownership of a majority equity interest in a legal separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This statement is effective for the fiscal year ending April 30, 2020.

## **OTHER COMMENTS (Continued)**

### **1. Future Accounting Pronouncements (Continued)**

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improved required note disclosures. This statement is effective for fiscal year ending April 30, 2022.

We will advise the Village of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and changes in financial position of the Village.

**APPENDIX A**  
**STATUS OF COMMENTS FROM APRIL 30, 2018**

**1. Segregation of Duties**

Once of the most important aspects of a system of internal controls is the segregation of duties, asset custody, and transaction authorization and recording. Due to the limited number of staff employed by the Village, we recognize that it is not cost beneficial to segregate these duties. The Board has implemented a rigorous disbursement approval process which can compensate for the lack of segregation of duties. For example, the Board approves all bills and only Board members are authorized signers with two signatures being needed to draw down amounts from the Village's accounts. We recommend that the Board continue its involvement in the billing and disbursement process on an ongoing basis.

**Status:** Comment still applicable as of April 30, 2019. See current year comment.

**2. Multiple Equity Accounts**

During our analysis of beginning equity accounts, it was noted that the Village maintains several equity accounts for each fund. We recommend that these accounts be consolidated into one equity account for each fund.

**Status:** Comment implemented as of April 30, 2019.

**3. Journal Entry Testing**

During our journal entry testing, we noted the journal entry support did not specify who posted the entries or if a second individual had approved the entry. We recommend the Village develops a manual journal entry policy for the approval process and the approvals are documented.

**Status:** Comment implemented as of April 30, 2019.

**4. Year End Financial Reporting and Accruals**

It was noted that many adjustments to the trial balance were necessary during the audit. It is recommended that the Village adopt and implement a process for year end processing and accruals that may be followed.

**Status:** Comment still applicable as of April 30, 2019. See current year comment.

**5. Capital Asset Policy**

Sikich noted that there is no capital asset policy for the Village. We recommend the Village adopt a capital asset policy.

**Status:** Comment implemented as of April 30, 2019.

**APPENDIX A**  
**STATUS OF COMMENTS FROM APRIL 30, 2018 (Continued)**

**6. Utility Billing**

Sikich noted that it is the Village's policy before a utility bill preview is created, the meter list with corrections is approved by the Village Manager. Sikich recommends the Village Manager signs off on the meter lists as there was no indication on the reports viewed during our internal control walkthrough of the utility billing process.

**Status:** Comment implemented as of April 30, 2019.

# FIRM PROFILE



## ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has 750+ professionals throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top one percent of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

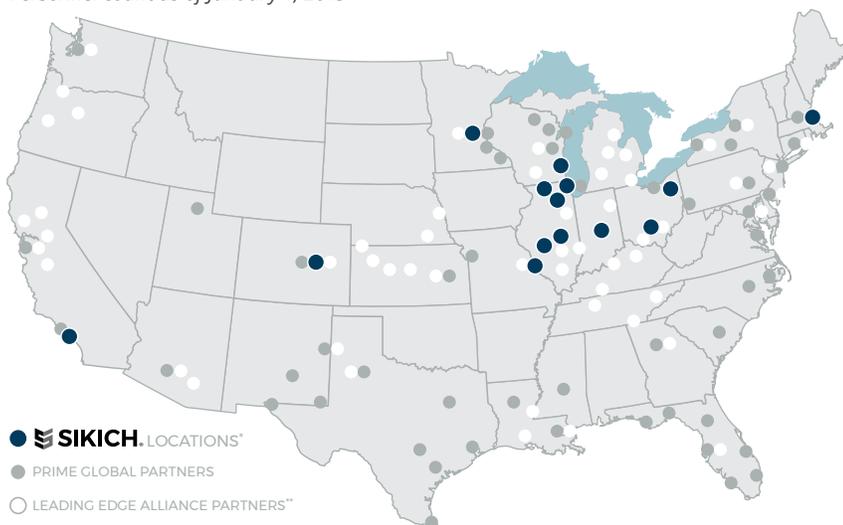
## INDUSTRIES

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

AGRICULTURE	AUTOMOTIVE	CONSTRUCTION & REAL ESTATE
DISTRIBUTION & SUPPLY CHAIN	GOVERNMENT	HIGH-TECH
LIFE SCIENCES	MANUFACTURING	NOT-FOR-PROFIT
PRIVATE EQUITY	PROFESSIONAL SERVICES	

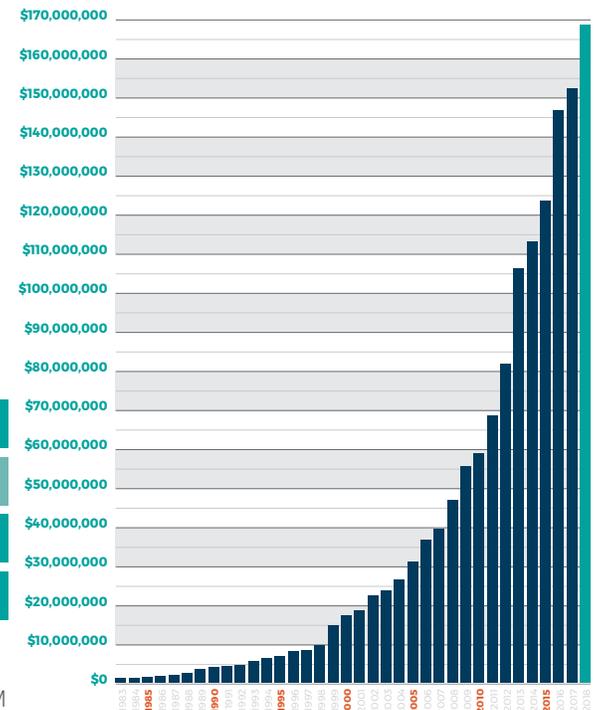
## STATISTICS

2018 Revenue .....\$169M  
 Total Partners .....~100  
 Total Personnel .....750+  
*Personnel count as of January 1, 2019*



<b>Akron, OH</b> (330) 864-6661	<b>Decatur, IL</b> (217) 423-6000	<b>Los Angeles, CA</b> (877) 279-1900	<b>Naperville, IL</b> (630) 566-8400	<b>St. Louis, MO</b> (314) 275-7277
<b>Boston, MA</b> (508) 485-5588	<b>Denver, CO</b> (720) 200-0142	<b>Milwaukee, WI</b> (262) 754-9400	<b>Rockford, IL</b> (815) 282-6565	
<b>Chicago, IL</b> (312) 648-6666	<b>Indianapolis, IN</b> (317) 842-4466	<b>Minneapolis, MN</b> (763) 445-2632	<b>Springfield, IL</b> (217) 793-3363	

## SIKICH TOTAL REVENUE



## SERVICES

### ACCOUNTING, TAX & ASSURANCE

### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance
- Digital Transformation Consulting

### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

\*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

## CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality

Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2017 Sikich LLP received its 10th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## AWARDS

### 2018/2019 AWARDS

- 2019/2020 Inner Circle for Microsoft Dynamics
- Oracle® NetSuite **5 Star Award**
- *Accounting Today* Top 100 Firms - ranked #28 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- 2018/2019 Inner Circle for Microsoft Dynamics
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs)-ranked #8

### 2017 AWARDS

- Bob Scott's Top 100 (VARs) - ranked #7
- *Accounting Today* Top 100 VARs - ranked #6
- Vault Accounting Top Ranked
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest Companies to Work For®
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Chicago Tribune's* Top Workplaces
- *Crain's List* Chicago's Largest Privately Held Companies - ranked #234
- Boston's 101 Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- National Best and Brightest Companies to Work For

# 2019/2020 INNERCIRCLE

*for Microsoft Business Applications*

## SIKICH IS PROUD TO BE PART OF:

### THE LEADING EDGE ALLIANCE

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

\**International Accounting Bulletin, 2011*



### PRIMEGLOBAL

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

