

VILLAGE OF INDIAN HEAD PARK, ILLINOIS

**AUDITOR'S COMMUNICATION TO THE
BOARD OF TRUSTEES AND
MANAGEMENT**

For the Year Ended
April 30, 2017



VILLAGE OF INDIAN HEAD PARK, ILLINOIS
AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES
AND MANAGEMENT
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1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

August 18, 2017

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 May 7, 2017.

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 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

August 18, 2017

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, 2017. 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 February 10, 2017. 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 of Indian Head Park 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 fiscal year ending April 30, 2017. We noted no transactions entered into by the Village of Indian Head Park during the year for which there is a 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.

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 18, 2017.

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, 2017

Adjusting Journal Entries

Date: 5/1/2016 To 4/30/2017

Number	Date	Name	Account No	Debit	Credit
AJE 01	4/30/2017	Receivable-Non Home Rule	01-00-1203-000 GF-01		-581.95
AJE 01	4/30/2017	Receivable-Illinois Income Tax	01-00-1204-000 GF-01	7,894.10	
AJE 01	4/30/2017	Receivable-Illinois Sales Tax	01-00-1206-000 GF-01	194.18	
AJE 01	4/30/2017	Receivable - State Local Use Tax	01-00-1207-000 GF-01	938.84	
AJE 01	4/30/2017	Receivable - Telecom Excise Tax	01-00-1209-000 GF-01		-1,502.89
AJE 01	4/30/2017	Telecommunication	01-00-4209-000 GF-01	1,502.89	
AJE 01	4/30/2017	State Income Tax	01-00-4403-000 GF-01		-7,894.10
AJE 01	4/30/2017	State Sales Tax & NonHome	01-00-4405-000 GF-01		-194.18
AJE 01	4/30/2017	State Local Use Tax	01-00-4406-000 GF-01		-938.84
AJE 01	4/30/2017	Non Home Rule Tax	01-00-4408-000 GF-01	581.95	
To true up tax receivables to for actuals					
AJE 02	4/30/2017	Deferred Rev - Other Taxes	01-00-2203-000 GF-01		-33,650.08
AJE 02	4/30/2017	Telecommunication	01-00-4209-000 GF-01	9,508.12	
AJE 02	4/30/2017	State Sales Tax & NonHome	01-00-4405-000 GF-01	16,549.17	
AJE 02	4/30/2017	State Local Use Tax	01-00-4406-000 GF-01	7,592.79	
To record CY deferred state tax revenue					
AJE 03	4/30/2017	Electricity Taxes	01-00-4202-000 GF-01		-7,272.33
AJE 03	4/30/2017	Natural Gas Taxes	01-00-4205-000 GF-01		-3,983.28
AJE 03	4/30/2017	State Gaming Tax	01-00-4402-000 GF-01	7,272.33	
AJE 03	4/30/2017	State Sales Tax & NonHome	01-00-4405-000 GF-01	3,983.28	
To reclass incorrectly coded entries					
AJE 04	4/30/2017	SBoC A/P Operating Account	01-00-1012-000 GF-01	22,377.00	
AJE 04	4/30/2017	Due from Special Park Fund	01-00-1320-000 GF-01		-22,377.00
AJE 04	4/30/2017	SBoC A/P Operating Account	16-00-1012-000 SP-16		-22,377.00
AJE 04	4/30/2017	Due to Corporate Fund	16-00-2100-500 SP-16	22,377.00	
To adjust due to Special Parks and General fund					
AJE 05	4/30/2017	Regular Salaries	01-11-6102-000 GF-01	2,095.25	
AJE 05	4/30/2017	Regular Salaries	01-21-6102-000 GF-01		-2,095.25
AJE 05	4/30/2017	Leaf Program Maintenance	01-31-6241-000 GF-01	1,131.12	
AJE 05	4/30/2017	Pension	01-41-6107-000 GF-01		-10,318.19
AJE 05	4/30/2017	Custodial Services	01-51-6251-000 GF-01		-1,131.12
AJE 05	4/30/2017	IMRF	01-92-6237-000 GF-01	10,318.19	
To reclass credit balances.					

Number	Date	Name	Account No	Debit	Credit
AJE 06	4/30/2017	Telephone Franchise	01-00-4303-000 GF-01		-8,491.75
AJE 06	4/30/2017	CATV Franchise	01-00-4305-000 GF-01	8,491.75	
To move reversal of PY A/R to proper reveune account					
AJE 07	4/30/2017	Accumulated Depreciation-Sewer	02-00-1850-100 WS-02	45,763.56	
AJE 07	4/30/2017	Accumulated Depreciation-Water	02-00-1850-200 WS-02	54,345.23	
AJE 07	4/30/2017	Accumulated Depreciation-Water	02-00-1850-200 WS-02		-45,763.56
AJE 07	4/30/2017	Depreciation	02-92-6733-000 WS-02		-54,345.23
To correct water/sewer depreciation expense					
AJE 08	4/30/2017	Accrued Salaries	01-00-2007-000 GF-01	6,510.59	
AJE 08	4/30/2017	Regular Salaries	01-21-6102-000 GF-01		-1,234.32
AJE 08	4/30/2017	Regular Salaries	01-31-6102-000 GF-01		-727.58
AJE 08	4/30/2017	Regular Salaries	01-41-6102-000 GF-01		-4,548.69
AJE 08	4/30/2017	Accrued Salaries	02-00-2007-000 WS-02	811.86	
AJE 08	4/30/2017	Regular Salaries	02-85-6102-000 WS-02		-541.24
AJE 08	4/30/2017	Regular Salaries	02-90-6102-000 WS-02		-270.62
To adjust accrued payroll for double accrual of payroll withholdings. See 4104 for additional detail.					
AJE 09	4/30/2017	Equipment	98-00-1022-400 G-98		-427,842.00
AJE 09	4/30/2017	Vehicles	98-00-1022-600 G-98	29,890.00	
AJE 09	4/30/2017	Vehicles	98-00-1022-600 G-98	427,842.00	
AJE 09	4/30/2017	Accu Dep - Land Improvements	98-00-1023-200 G-98		-18,038.00
AJE 09	4/30/2017	Accu Dep - Buildings & Improveme	98-00-1023-300 G-98		-42,936.00
AJE 09	4/30/2017	Accu Dep - Equipment	98-00-1023-400 G-98		-4,748.00
AJE 09	4/30/2017	Accu Dep - Equipment	98-00-1023-400 G-98	249,492.00	
AJE 09	4/30/2017	Accu Dep - Infrastructure	98-00-1023-500 G-98		-132,600.00
AJE 09	4/30/2017	Accu Dep - Vehicles	98-00-1023-600 G-98		-26,435.00
AJE 09	4/30/2017	Accu Dep - Vehicles	98-00-1023-600 G-98		-249,492.00
AJE 09	4/30/2017	Purchase of Capital Assets - Public Safety	98-00-1400-200 G-98		-29,890.00
AJE 09	4/30/2017	Depreciation - General Government	98-00-1500-100 G-98	23,579.00	
AJE 09	4/30/2017	Depreciation - Public Safety	98-00-1500-200 G-98	25,762.00	
AJE 09	4/30/2017	Depreciation - Public Works	98-00-1500-300 G-98	164,213.00	
AJE 09	4/30/2017	Depreciation - Culture and Recreation	98-00-1500-400 G-98	1,000.00	
AJE 09	4/30/2017	Depreciation - Health and Human Services	98-00-1500-500 G-98	10,203.00	
To book CY governmental fixed asset activity					
AJE 10	4/30/2017	SBoC A/P Operating Account	01-00-1012-000 GF-01		-13,628.90
AJE 10	4/30/2017	Vehicles/Other Equipment	01-31-6438-000 GF-01	13,628.90	
AJE 10	4/30/2017	SBoC A/P Operating Account	02-00-1012-000 WS-02	13,628.90	
AJE 10	4/30/2017	Vehicles/Other Equipment	02-85-6438-000 WS-02		-6,814.45
AJE 10	4/30/2017	Vehicles/Other Equipment	02-90-6438-000 WS-02		-6,814.45
To adjust capital lease payment. GF should report the capital lease expenditure and 50% will be transferred in from the EF.					

Number	Date	Name	Account No	Debit	Credit
AJE 11	4/30/2017	A/R Billed Water	02-00-1224-000 WS-02	285,429.73	
AJE 11	4/30/2017	A/R Billed Sewer	02-00-1226-000 WS-02	43,610.96	
AJE 11	4/30/2017	Water Usage	02-00-4716-000 WS-02		-285,429.73
AJE 11	4/30/2017	Sewer Charges	02-00-4722-000 WS-02		-43,610.96

To correct A/R and Revenue for Water/Sewer UB.

AJE 12	4/30/2017	Corporate Purpose	01-00-4103-000 GF-01	28,386.76	
AJE 12	4/30/2017	Streets & Bridges	01-00-4107-000 GF-01		-28,386.76

To allocate streets & bridges portion of property taxes

AJE 13	4/30/2017	Deferred Outflows - IMRF	02-00-1601-000 WS-02	41,164.43	
AJE 13	4/30/2017	Net Pension Liability	02-00-2047-100 WS-02		-68,731.79
AJE 13	4/30/2017	Deferred Inflows - IMRF	02-00-2050-000 WS-02		-17,146.38
AJE 13	4/30/2017	Pension	02-85-6107-000 WS-02	40,136.96	
AJE 13	4/30/2017	Pension	02-90-6107-000 WS-02	4,576.78	
AJE 13	4/30/2017	Deferred OF of Resource-IMRF	99-00-2400-000 G-99	78,962.07	
AJE 13	4/30/2017	Net Pension Liability-IMRF	99-00-2700-000 G-99		-367,344.21
AJE 13	4/30/2017	Deferred Inflows of Resources-IM	99-00-2800-000 G-99	49,385.38	
AJE 13	4/30/2017	Pension Expense - GG	99-00-5000-000 G-99	45,650.00	
AJE 13	4/30/2017	Pension Expense - Police	99-00-5500-000 G-99	193,346.76	

To record IMRF Pension Accruals as of 4/30/17

AJE 14	4/30/2017	Prepaid Insurance	01-00-1250-000 GF-01		-31,946.48
AJE 14	4/30/2017	Insurance Premium	01-92-6275-000 GF-01	31,946.48	
AJE 14	4/30/2017	Prepaid Insurance	02-00-1250-000 WS-02		-10,716.86
AJE 14	4/30/2017	Insurance Deposits	02-00-1251-000 WS-02		-6,622.37
AJE 14	4/30/2017	Misc. Expense	02-85-6247-000 WS-02	6,622.37	
AJE 14	4/30/2017	Insurance Allocation	02-85-6253-000 WS-02	10,716.86	

To reverse PY IRMA prepaid insurance

AJE 15	4/30/2017	Compensated Absences	99-00-2500-100 G-99		-4,204.02
AJE 15	4/30/2017	Debt Certificates	99-00-2500-200 G-99	120,000.00	
AJE 15	4/30/2017	Capital Leases Payable	99-00-2500-300 G-99	23,756.94	
AJE 15	4/30/2017	Capital Leases Payable	99-00-2500-300 G-99	18,680.50	
AJE 15	4/30/2017	Bonds Payable	99-00-2500-400 G-99	145,000.00	
AJE 15	4/30/2017	Accrued Interest Payable	99-00-2600-000 G-99	15,144.46	
AJE 15	4/30/2017	Bond Principal Paid	99-00-5001-000 G-99		-145,000.00
AJE 15	4/30/2017	Change in Comp Abs - GG	99-00-5002-000 G-99		-3,188.07
AJE 15	4/30/2017	Change in Comp Abs - PS	99-00-5003-000 G-99	7,180.80	
AJE 15	4/30/2017	Change in Comp Abs - PW	99-00-5004-000 G-99	211.29	
AJE 15	4/30/2017	Debt Certificate Principal Retirement	99-00-5005-000 G-99		-120,000.00
AJE 15	4/30/2017	Capital Lease Payments	99-00-5006-000 G-99		-42,437.44
AJE 15	4/30/2017	Interest Expense	99-00-5007-000 G-99		-15,144.46

To record changes in long-term liabilities for the fiscal year ended April 30, 2017.

Number	Date	Name	Account No	Debit	Credit
AJE 16	4/30/2017	Capital expenditures	50-00-5600-000 CI-50	4,490.82	
AJE 16	4/30/2017	Capital expenditures	50-00-5600-000 CI-50	29,890.00	
AJE 16	4/30/2017	Transfer to Corporate Fun	50-95-6606-000 CI-50		-4,490.82
AJE 16	4/30/2017	Transfer to Corporate Fun	50-95-6606-000 CI-50		-29,890.00

To reclassify capital outlay for striping and vehicle purchase out of the transfer account.

AJE 17	4/30/2017	Receivable-Ameritech	11-00-1210-000 911F-11		-8,491.27
AJE 17	4/30/2017	Landline 911 Income	11-00-4207-100 911F-11	8,491.27	

Reverse PY Ameritech A/R

AJE 18	4/30/2017	Net OPEB Asset	99-00-1900-000 G-99	12,902.00	
AJE 18	4/30/2017	Change in OPEB Asset/Liability	99-00-5008-000 G-99		-12,902.00

To record OPEB asset as of April 30, 2017

AJE 19	4/30/2017	SBoC Revenue Account	01-00-1010-000 GF-01	21,043.39	
AJE 19	4/30/2017	US Bank IPTIP	01-00-1035-000 GF-01	4,976.06	
AJE 19	4/30/2017	Performance Bonds Payable (NEW)	01-00-2310-000 GF-01		-13,107.00
AJE 19	4/30/2017	Misc. Reimbursements	01-00-4712-000 GF-01		-12,912.45
AJE 19	4/30/2017	SBoC Revenue Account	80-00-1010-000 A-80		-21,043.39
AJE 19	4/30/2017	IPTIP	80-00-1035-000 A-80		-4,976.06
AJE 19	4/30/2017	Res for Tower Terminal-Nextel	80-00-2203-200 A-80	3,000.00	
AJE 19	4/30/2017	Res for Tower Terminal-Primeco	80-00-2203-300 A-80	3,000.00	
AJE 19	4/30/2017	Res for Tower Terminal-Sprint	80-00-2203-500 A-80	3,000.00	
AJE 19	4/30/2017	Deposits-Use of Park Permits	80-00-2300-000 A-80		-1,009.00
AJE 19	4/30/2017	Security Deposit-AT&T	80-00-2307-000 A-80	3,000.00	
AJE 19	4/30/2017	Performance Bond Payable	80-00-2310-000 A-80	13,107.00	
AJE 19	4/30/2017	Transfer to General Fund	80-00-6670-000 A-80	1,921.45	

To close the agency fund and move the performance bonds and cash to the general fund.

AJE 20	4/30/2017	SBoC Revenue Account	01-00-1010-000 GF-01		-53,805.00
AJE 20	4/30/2017	SBoC A/P Operating Account	01-00-1012-000 GF-01		-20,026.52
AJE 20	4/30/2017	Transfer to 911 Fund (NEW)	01-92-6666-000 GF-01	73,831.52	
AJE 20	4/30/2017	SBoC A/P Operating Account	11-00-1012-000 911F-11	20,026.52	
AJE 20	4/30/2017	Accounts Payable	11-00-2002-000 911F-11	0.02	
AJE 20	4/30/2017	Due to Capital Improvement	11-00-2100-000 911F-11	53,805.00	
AJE 20	4/30/2017	Landline 911 Income	11-00-4207-100 911F-11		-0.02
AJE 20	4/30/2017	Transfer from General Fund	11-00-5700-000 911F-11		-73,831.52
AJE 20	4/30/2017	SBoC Revenue Account	50-00-1010-000 CI-50	53,805.00	
AJE 20	4/30/2017	Due from 911	50-00-1328-000 CI-50		-53,805.00

To close 911 fund with transfer from general fund.

Number	Date	Name	Account No	Debit	Credit
AJE 21	4/30/2017	Insurance Deposit-IPBC	01-00-1216-100 GF-01	55,793.00	
AJE 21	4/30/2017	IPBC Revenue	01-00-5130-000 GF-01		-55,793.00
AJE 21	4/30/2017	Insurance Deposits-IPBC	02-00-1251-100 WS-02	10,627.00	
AJE 21	4/30/2017	IPBC Revenue	02-00-5130-000 WS-02		-10,627.00
To adjust IPBC receivable					
AJE 22	4/30/2017	SBoC A/P Operating Account	01-00-1012-000 GF-01		-83,635.03
AJE 22	4/30/2017	Transfer to Bond Fund (NEW)	01-92-6667-000 GF-01	83,635.03	
AJE 22	4/30/2017	SBoC A/P Operating Account	53-00-1012-000 BF-53	83,635.03	
AJE 22	4/30/2017	Transfer from General Fun	53-00-5701-000 BF-53		-83,635.03
To record transfer from General Frund to cover negative cash.					
AJE 23	4/30/2017	Vehicles/Other Equipment	01-31-6438-000 GF-01		-27,274.46
AJE 23	4/30/2017	Vehicles/Other Equipment	01-41-6438-000 GF-01		-19,801.36
AJE 23	4/30/2017	Capital Lease - Principal	01-92-6301-200 GF-01	23,756.94	
AJE 23	4/30/2017	Capital Lease - Principal	01-92-6301-200 GF-01	18,680.50	
AJE 23	4/30/2017	Capital Lease - Interest	01-92-6301-201 GF-01	3,517.52	
AJE 23	4/30/2017	Capital Lease - Interest	01-92-6301-201 GF-01	1,120.86	
To report capital lease payments separately from other expenses.					

VILLAGE OF INDIAN HEAD PARK, ILLINOIS

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

April 30, 2017



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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 18, 2017

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. 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.

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.

4. Petty Cash Management and Reporting

During our count of petty cash, we noted that one of the cash drawers was greater than what was recorded on the general ledger. A journal entry was recommended that management accepted to adjust the petty cash on the general ledger. It is recommended that the Village develop procedures to track petty cash and suggest the specific balances that are expected to be found in the petty cash accounts.

5. Year End Financial Reporting and Accruals

It was noted that due to the turnover experienced by the Village, 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 that may be followed in the even to future employee turnover or illness.

6. Capital Asset Policy

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

DEFICIENCIES (Continued)

7. 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.

8. Building Permits

Sikich noted that the invoicing and tracking of building permits is done manually. Sikich recommends the Village integrates the tracking of permits with Locis and track them within the system.

OTHER COMMENTS

1. Future Accounting Pronouncements

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

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for the fiscal year ending April 30, 2018.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for fiscal years beginning after April 30, 2019.

OTHER COMMENTS (Continued)

1. Future Accounting Pronouncements (Continued)

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for the fiscal year ending April 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending April 30, 2018.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal years ending April 30, 2018 and April 30, 2019. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations [ARO's]*, enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The Statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this statement are effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for the fiscal year ending April 30, 2018.

GASB Statement No. 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost, and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No 85 is effective for fiscal years ending April 30, 2019 and thereafter, early application is allowed and encouraged.

OTHER COMMENTS (Continued)

1. Future Accounting Pronouncements (Continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 is effective for fiscal years ending April 30, 2019 and thereafter, early application is allowed and encouraged.

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, 2016

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.

Status: Comment is still applicable as of April 30, 2017

2. Interactive Capital Asset and Long-term Debt Funds

The Village does not currently utilize funds (account groups) to track and record the capital asset or long-term debt activity throughout the year for governmental activities. We recommend that the Village set up funds for governmental capital assets and long-term debt on its general ledger and utilize these funds to track the related activity and facilitate the conversion of the fund financial statements at the entity-wide level.

Status: Comment considered implemented as of April 30, 2017

3. Old Funds

The Village has several inactive funds on its general ledger including the Sacajawea Park Fund, IMRF fund, audit fund, social security fund and liability insurance fund. We recommend that these funds be permanently closed in the accounting system.

Status: Comment considered implemented as of April 30, 2017

4. Invoice Details

Per review of supporting documentation during our subsequent disbursements testing, we noted an invoice that lacked significant details such as invoice date and date of services performed. We recommend the Village develops a policy for minimum requirements for acceptable invoices. This could be incorporated into an overall purchasing policy.

Status: Comment considered implemented as of April 30, 2017

DEFICIENCIES (Continued)

5. 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 is still applicable as of April 30, 2017

6. Collateral Agreement

During our testing of cash, we obtained a confirmation from Countryside Bank for the collateral being held at BMO Harris Bank for deposits over the FDIC limits. While the deposits appear to be properly collateralized, the Village does not have a copy of the tri-party collateral agreement with Countryside and BMO Harris documenting the collateral. We recommend the Village obtain the tri-party collateral agreement to provide sufficient documentation in accordance with the Village investment policy.

Status: Comment considered implemented as of April 30, 2017

7. Village Credit Card Usage

During our testing of the Village credit card through Chase Bank, we noted no support or receipts for 2 of the 10 selections of purchases. Also, we noted no approval of purchases for 5 of the 10 selections. We recommend that the Village ensures that all receipts for purchases made are obtained and retained. Also, we recommend that all receipts are reviewed and approved with a written sign off. In addition, the Village should consider adopting a formal credit card policy.

Status: Comment considered implemented as of April 30, 2017

8. 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 is still applicable as of April 30, 2017

9. Petty Cash Management and Reporting

During our count of petty cash, we noted that the amounts recorded on the general ledger were higher than the actual cash being held. A journal entry was recommended that management accepted to adjust the petty cash on the general ledger. It is recommended that the Village develop procedures to track petty cash and suggest the specific balances that are expected to be found in the petty cash accounts.

Status: Comment is still applicable as of April 30, 2017

DEFICIENCIES (Continued)

10. Year End Financial Reporting and Accruals

It was noted that due to the turnover experienced by the Village, 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 that may be followed in the even to future employee turnover or illness.

Status: Comment is still applicable as of April 30, 2017

11. 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 is still applicable as of April 30, 2017

12. Investment Policy

Sikich noted that there is no investment policy in place governing the deposits and investments of the Village. We recommend the Village adopt an investment policy.

Status: Comment implemented as of April 30, 2017

Sikich Snapshot

Organization

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has more than 800 employees 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 10 of all enterprise resource planning solution partners in the country. 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:

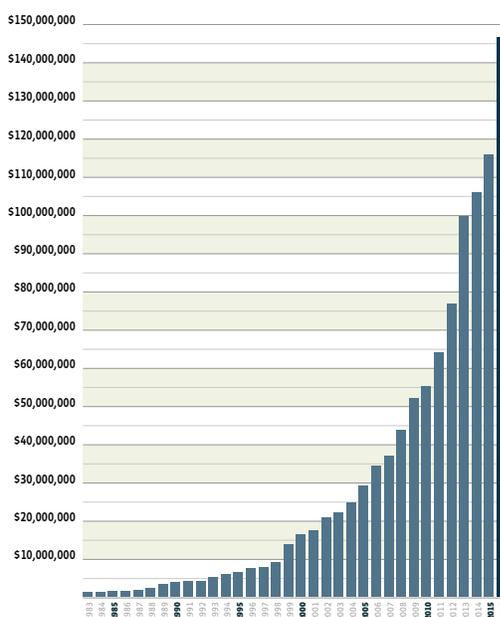
- Agriculture
- Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

Statistics

2016 Revenues	\$146.4M
Total Partners	107
Total Employees	689
Total Personnel	796

Personnel count as of January 19, 2017

Sikich Total Revenues



SERVICES

- Accounting, Audit, Assurance & Tax
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- Investment Banking & Corporate Finance
- IT Services
- Marketing & Public Relations
- Retirement Planning
- Supply Chain
- Wealth Management

Awards

- Vault Accounting Top Ranked 2017
- *Accounting Today* Top 100 Firms: ranked 27th nationally, 2017
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2016
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th, 2016
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally, 2016
- When Work Works Award, 2017
- *WorldatWork* Work-Life 2017 Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club, 2017
- Best Places to Work in Illinois, 2017
- Best Places to Work in Indiana, 2017
- Chicago's 101 Best and Brightest Companies to Work For®, 2017
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee, 2017
- Milwaukee's 101 Best and Brightest Companies to Work For®, 2016
- WICPA Excellence Award - Public Service Award (Firm), 2016
- *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- *Inc. 5000*: ranked #4613, 2016
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #234, 2017
- Bob Scott's Top 100 Value Added Reseller: ranked 7th, 2016
- Boston's 101 Best and Brightest Companies to Work For®, 2016
- National Best & Brightest Companies to Work For®, 2015
- National Best & Brightest in Wellness, 2015
- *Chicago Tribune's* Top Workplaces, 2015
- Edge Award - 2015 Community Service



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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 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

Gold Microsoft Partner



Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- Microsoft Small Business Specialist
- MCP (Microsoft Certified Professional)
- MCSE (Microsoft Certified System Engineer)
- CCNA (Cisco Certified Network Associate)
- CCDA (Certified Cisco Design Associate)
- CCEA (Citrix Certified Enterprise Administrator)
- MRMS (Microsoft Retail Management Systems)
- CISA (Certified Information Systems Auditor)
- CNE (Certified Novell Engineer)
- MS CSM (Microsoft Customer Service Manager)
- MS CAE (Microsoft Certified Account Executive)
- MCDBA (Microsoft Certified Database Admin.)
- Certified for Microsoft Dynamics (NAV)



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*



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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.

** Securities are offered through Sikich Corporate Finance LLC, a registered broker/dealer with the Securities and Exchange Commission and a member of FINRA and SIPC.*

*** Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor. Securities offered through Triad Advisors, Member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.*

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