

VILLAGE OF LINCOLNSHIRE, ILLINOIS

MANAGEMENT LETTER

December 31, 2015





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

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois (the Village) as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Sikich LLP'.

Naperville, Illinois
June 2, 2016

SIGNIFICANT DEFICIENCY

1. Accounts Payable and Prepaid Items

During our testing of various accounts payable balances, we noted differences between the schedules provided and the amounts recorded on the trial balance. Upon further review, it was noted that the differences related to prepaid items recorded as accounts payable at December 31, 2015. This resulted in assets being understated by about \$114,710, and liabilities being understated by that amount. Adjusting journal entry AJE04 was recommended to properly record the prepaid items. We recommend the Village review the schedules, particularly at year end, to ensure proper classification of accrued items.

OTHER DEFICIENCY

1. Cash and Accounts Receivable

During our review of bank reconciliations, we noted reconciling items that adjusted the reconciled book balance to the balance recorded on the trial balance. Upon further review, Sikich noted that these items related to accounts receivable items received after December 31, 2015, but were recorded as cash at December 31, 2015, rather than being shown as accounts receivable. Reconciling items on bank reconciliations should only relate to checks issued but not yet cleared as of the bank statement date, or deposits in transit. Sikich recommend the Village perform a more thorough review of items presented as reconciling items on bank reconciliations. We also recommend the Village compare its Accounts Receivable accrual schedules to the amount recorded on the trial balance, to ensure AR items are properly recorded as such.