

VILLAGE OF LINCOLNSHIRE, ILLINOIS

MANAGEMENT LETTER

December 31, 2017

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SIKICH.COM

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, 2017, 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.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

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.

Sikich LLP

Naperville, Illinois
May 21, 2018

SIGNIFICANT DEFICIENCIES

1. Public Improvements

During our review of capital assets it was noted that certain public improvements which were recorded as capital assets of the Village at December 31, 2017 were accepted by the Village in a prior fiscal year. In order to maintain accurate capital assets inventory, we recommend all capital assets associated with public improvements be recorded at the time they are accepted by the Village.

2. Grant Activity

During our review of grant activity, we noted work on a grant project was substantially completed during the fiscal year ended December 31, 2017. We noted revenue and the associated accounts receivable were understated by about \$222,000 at December 31, 2017. We recommend the Village track all expenditures associated with grant projects, and review the status of open grants at or near year end, to ensure all activity is appropriately recorded.