SIKICH®

VILLAGE OF LINCOLNSHIRE, ILLINOIS

AUDITOR'S COMMUNICATION TO
THE VILLAGE BOARD

For the Year Ended December 31, 2024

VILLAGE OF LINCOLNSHIRE, ILLINOIS
AUDITOR'S COMMUNICATION TO THE VILLAGE BOARD
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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

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

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May 21, 2025

The Honorable Mayor
Members of the Board of Trustees
Village of Lincolnshire
One Olde Half Day Road
Lincolnshire, Illinois 60069-3035

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 audit 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 6, 2025.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our communication of deficiencies, as well as a listing of future pronouncements that may affect the Village, are enclosed within this document.

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

Sincerely,

Sikich CPA LLC

Sikich CPA LLC
By: Nick Bava, CPA, MAS
Principal, Local Government

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May 21, 2025

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

Ladies and Gentlemen:

We have audited 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) for the year ended December 31, 2024. Professional standards require that we provide you with information 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 November 7, 2024. 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. The significant accounting policies used by Village of Lincolnshire 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 2024, with the exception of GASB Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the Village 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, with the exception of the estimates in connection with the actuarial valuations performed for the Illinois Municipal Retirement Fund, Police Pension Fund, and Other Postemployment Benefits plan.

Management's estimate of the Village's total pension liabilities, and total other postemployment benefit liability are based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, discount rates, healthcare trend rates, and mortality rates. We evaluated key factors and assumptions used to develop the management's estimates of the Village's total pension liabilities and total other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures made by management during our audit of the financial statements.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected any such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole, except for AJE#02-AJE#03.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing 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 May 21, 2025.

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) 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 basic 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 basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction of Use

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

We appreciate the courtesies extended to us by the Village. If you have any questions regarding the purpose of this letter or the requirement mentioned, please contact us.

Sincerely,

Sikich CPA LLC

Sikich CPA LLC
By: Nick Bava, CPA, MAS
Principal, Local Government

Village of Lincolnshire

Year End: December 31, 2024

Adjusting Journal Entries

Date: 1/1/2024 To 12/31/2024

Account No: AJE#01 To AJE#03

Number	Date	Name	Account No	Amount
AJE#01	12/31/2024	Taxes Receivable	01-00-20-1310 GF-01	(145,095.66)
AJE#01	12/31/2024	State Income Tax	01-00-70-4010 GF-01	145,095.66
		Entry to remove income tax receivable		
AJE#02	12/31/2024	Accounts Payable Retainage	07-00-40-2020 WS-07	34,203.00
AJE#02	12/31/2024	Dukes/Anglican/Brunswick Wtrmain-Const	07-01-81-5060 WS-07	(34,203.00)
AJE#02	12/31/2024	Accounts Payable Retainage	49-00-40-2020 SW-49	208,032.00
AJE#02	12/31/2024	Southeast Windsor Dr- Construction	49-01-84-5148 SW-49	(208,032.00)
		JE 2437 Adjust Windsor Retention		
		from 10% to 5%		
AJE#03	12/31/2024	Construction In Progress	02-00-30-1530 WS-02	(34,203.00)
AJE#03	12/31/2024	Transfer In- Ws Improv- Debt	02-00-98-0700 WS-02	34,203.00
AJE#03	12/31/2024	Transfers Out - WS Operations	07-01-96-0200 WS-07	(34,203.00)
AJE#03	12/31/2024	Fixed Asset Expense	07-12-95-4600 WS-07	34,203.00
AJE#03	12/31/2024	Construction In Progress	44-00-30-1530 SW-44	(208,032.00)
AJE#03	12/31/2024	Transfer In- Storm Sewer Impr	44-00-98-4900 SW-44	208,032.00
AJE#03	12/31/2024	Transfer Out- Storm Sewer Oper	49-01-96-4400 SW-49	(208,032.00)
AJE#03	12/31/2024	Fixed Asset Expense	49-12-95-4600 SW-49	208,032.00
		JE 2438 Windsor Retainage Decrease		
		Capital Asset Adjusting Entry		

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT

December 31, 2024

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COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT

Mr. Bradly Burke, Village Administrator
Mr. Matt Rossi, Finance Director
Village of Lincolnshire, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitation during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Sikich CPA LLC

Naperville, Illinois
May 21, 2025

OTHER COMMENTS

Future Accounting Pronouncements

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

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for the fiscal year ended December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. This Statement is effective for the fiscal year ending December 31, 2026.

OTHER COMMENTS (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital asset note disclosures. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. This Statement is effective for the fiscal year ending December 31, 2026.

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ACCOUNTING TECHNOLOGY ADVISORY

Sikich is a global company specializing in technology-enabled professional services.

Now with more than 1,900 employees, Sikich draws on a diverse portfolio of technology solutions to deliver transformative digital strategies and ranks as one of the largest CPA firms in the United States. From corporations and not-for-profits to state and local governments and federal agencies, Sikich clients utilize a broad spectrum of services and products to help them improve performance and achieve 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:

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

SPECIALIZED SERVICES

ACCOUNTING, AUDIT, TAX & CONSULTING SERVICES

- Outsourced Accounting
- Audit & Assurance
- Consulting Services
- Employee Benefit Plan Audits
- International Tax
- Tax

TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Cybersecurity & Compliance
- Digital Transformation Consulting

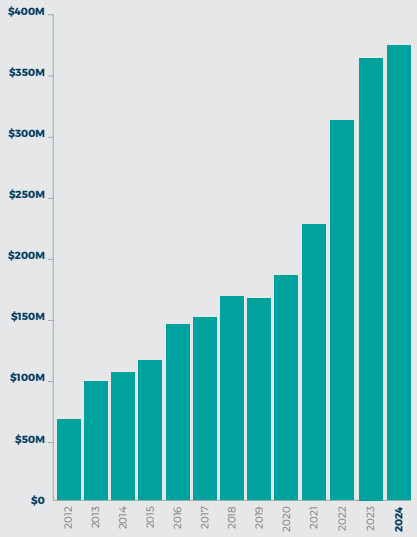
ADVISORY

- Forensic & Valuation Services
- Governance, Risk & Compliance Services
- Human Capital Management & Payroll Consulting
- Insurance Services
- Investment Banking
- Marketing & Communications
- Retirement Plan Services
- Regulatory, Quality & Compliance
- Site Selection & Business Incentives
- Succession Planning
- Supply Chain
- Transaction Advisory Services
- Wealth Management
- Workforce Risk Management

WHO WE ARE

TOTAL PERSONNEL ..... **1,900+**

2024 REVENUE **$375M**



OFFICE LOCATIONS

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Bangalore, KA

Boston, MA
508.485.5588

Chattanooga, TN
423.954.3007

Chicago, IL
312.648.6666

Cleveland, OH
330.864.6661

Coimbatore, TN

Decatur, IL
217.423.6000

Indianapolis, IN
317.842.4466

Los Angeles, CA*
877.279.1900

Sacramento, CA*
925.577.5144

Milwaukee, WI
262.754.9400

Naperville, IL
630.566.8400

Peoria, IL
309.694.4251

Princeton, NJ
609.285.5000

Springfield, IL
217.793.3363

St. Louis, MO
314.275.7277

**Perform only Technology and Advisory services*

Sikich practices in an alternative practice structure in accordance with the AICPA Professional Code of Conduct and applicable law, regulations, and professional standards. Sikich CPA LLC is a licensed CPA firm that provides audit and attest services to its clients, and Sikich LLC and its subsidiaries provide tax and business advisory services to its clients. Sikich CPA LLC has a contractual arrangement with Sikich LLC under which Sikich LLC supports Sikich CPA LLC's performance of its professional services. Sikich LLC and its subsidiaries are not licensed CPA firms.

"Sikich" is the brand name under which Sikich CPA LLC and Sikich LLC provide professional services. The entities under the Sikich brand are independently owned and are not liable for the services provided by any other entity providing services under the Sikich brand. The use of the terms "our company", "we" and "us" and other similar terms denote the alternative practice structure of Sikich CPA LLC and Sikich LLC.

Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC. Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

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CULTURE

Our dynamic work culture fosters learning, growth and innovation, attracting top-notch team members who see the big picture. Sikich's culture is built on a flexible, trusting work environment and the key pillars of Absolute Integrity, Bias for Action, Continuous Innovation and Servant Leadership. We believe our people are our greatest asset and work hard to ensure that all team members feel empowered, comfortable and valued.

Great Place To Work. Certified FEB 2024-FEB 2025 USA

Great Place To Work. Certified FEB 2024-FEB 2025 INDIA

CERTIFICATIONS & AWARDS

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.**

AICPA Governmental Audit Quality Center

We adhere to the strict requirements of membership, which assure we meet the highest standards of audit quality. **In 2023, Sikich received its 12th consecutive unmodified ("pass") peer review report,** the highest level of recognition conferred upon a public accounting firm for its quality control systems.

AICPA Employee Benefit Plan Audit Quality Center Member

Sikich ranks among the **top 30 firms nationally** on the ***Accounting Today*** **Top 100 Firms list.**

Sikich is among the **50 firms that place on Inside Public Accounting's 2024 Best of the Best Firms,** an exclusive list that ranks organizations on key areas of management, growth and strategic vision.

INSIDE public accounting BEST OF THE BEST FIRMS 2024

Sikich is a **Microsoft Dynamics' 2023/2024 Inner Circle** award recipient, a recognition that places Sikich in the **top 1% of all Microsoft Business Applications partners globally**.

2023/2024 INNERCIRCLE for Microsoft Business Applications

We also maintain the **Oracle NetSuite 5 Star Award** and are among the **top three U.S. partners of Oracle NetSuite**.

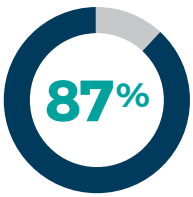
ORACLE + NETSUITE 5 STAR AWARD 2021 ★★★★★

Sikich ranks on the **Redmond Channel Partner Magazine's top 350 Microsoft partners in the U.S.**, **CRN's Top 500 Managed Service Providers, CRN's Top 500 Solution Providers** and **Channel Futures' MSP 501.**

Cybersecurity Breakthrough Award 2022 · RCP 350 Top U.S. Microsoft Partners · The Channel Co. CRN MSP 500 2024 · The Channel Co. CRN Solution Provider 500 2024 · MSP 501 Channel Futures

NET PROMOTER SCORE

The firm's overall Net Promoter Score (NPS) is 87%.
This is a measure of our clients' willingness to recommend Sikich's services and products. An NPS of 50% is considered excellent, and 70% NPS is considered world-class.



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