SIKICH

Village of Lincolnshire, Illinois

Auditor's Communication to the Village Board

For the Year Ended December 31, 2025

VILLAGE OF LINCOLNSHIRE, ILLINOIS
AUDITOR'S COMMUNICATION TO THE VILLAGE BOARD
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Members of American Institute of Certified Public Accountants

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May 28, 2026

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 in December 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 of Lincolnshire (the Village), are enclosed within this document.

This information is intended solely for the use of the Mayor, the Board of Trustees and management of the Village 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 28, 2026

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, 2025. 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 October 13, 2025. 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 the fiscal year ended December 31, 2025. 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. 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.

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 28, 2026.

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, 2025

Adjusting Journal Entries

Date: 1/1/2025 To 12/31/2025

Account No: AJE#01 To AJE#01

Number	Date	Name	Account No	Amount
AJE#01	12/31/2025	Net Pension Liability- BT	02-00-64-1020 WS-02	(237,784.00)
AJE#01	12/31/2025	Pension Expense- BT	02-01-70-9020 WS-02	237,784.00
AJE#01	12/31/2025	Net Pension Liability- GG	12-00-64-1010 ISF-12	(33,308.00)
AJE#01	12/31/2025	Pension Expense- GG	12-01-70-9010 ISF-12	33,308.00
AJE#01	12/31/2025	Net Pension Liability- GG	14-00-64-1010 LTD-14	(827,502.00)
AJE#01	12/31/2025	Pension Expense- GG	14-01-70-9010 LTD-14	827,502.00
AJE#01	12/31/2025	Net Pension Liability- BT	44-00-64-1020 SW-44	(30,485.00)
AJE#01	12/31/2025	Pension Expense- BT	44-01-70-9020 SW-44	30,485.00
		To correct IMRF NPL and pension expense		

PASSED ADJUSTMENTS

	Village of Lincolnshire (CLIENT)		Governmental Activities (OPINION UNIT)	
	December 31, 2025			
Description	Assets/ Deferred Outflows of Resources	(Liabilities/ Deferred Inflows of Resources)	(Net Position/ Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	$ -	$ -	$ -	$ -
To record the effect of the IMRF fiduciary net position variance between the actuarial valuation and the audited information.	-	211,154	-	(211,154)
Totals	$ -	$ 211,154	$ -	$ (211,154)

PASSED ADJUSTMENTS

	Village of Lincolnshire (CLIENT)		Business-Type Activities (OPINION UNIT)	
	December 31, 2025			
Description	Assets/ Deferred Outflows of Resources	(Liabilities/ Deferred Inflows of Resources)	(Net Position/ Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	$ -	$ -	$ -	$ -
To record the effect of the IMRF fiduciary net position variance between the actuarial valuation and the audited information.	-	66,715	-	(66,715)
Totals	$ -	$ 66,715	$ -	$ (66,715)

PASSED ADJUSTMENTS

	Village of Lincolnshire (CLIENT)		Water and Sanitary Sewer Fund (OPINION UNIT)	
	December 31, 2025			
Description	Assets/ Deferred Outflows of Resources	(Liabilities/ Deferred Inflows of Resources)	(Net Position/ Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	$ -	$ -	$ -	$ -
To record the effect of the IMRF fiduciary net position variance between the actuarial valuation and the audited information.	-	59,184	-	(59,184)
Totals	$ -	$ 59,184	$ -	$ (59,184)

PASSED ADJUSTMENTS

	Village of Lincolnshire (CLIENT)		Aggregate Remaining Fund Information (OPINION UNIT)	
	December 31, 2025			
Description	Assets/ Deferred Outflows of Resources	(Liabilities/ Deferred Inflows of Resources)	(Net Position/ Fund Balance)	Change in Net Position/Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	$ -	$ -	$ -	$ -
To record the effect of the IMRF fiduciary net position variance between the actuarial valuation and the audited information.	-	7,467	-	(7,467)
Totals	$ -	$ 7,467	$ -	$ (7,467)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT

December 31, 2025

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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 28, 2026

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. 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.

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.

OTHER COMMENTS (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 105, *Subsequent Events,* establishes guidance for governments regarding the recognition and disclosure of events that occur after the financial statement date but before the statements are issued or available to be issued. This Statement clarifies the types of subsequent events that require adjustment to the financial statements and those that require only disclosure. It also specifies the period during which governments should evaluate subsequent events and outlines the required disclosures for events that could significantly affect the financial statements. The objective is to enhance consistency and transparency in reporting subsequent events across governmental entities. The requirements of this Statement are effective for fiscal year ending December 31, 2027.

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

Company snapshot

SIKICH®

We help organizations manage risk, maintain compliance and make the most of their technology investments.

Sikich offers the public and private sectors a diverse platform of professional services across consulting, technology and compliance. Highly specialized and hands -on teams deliver integrated solutions rooted in deep industry experience. Our approach is strategically and thoughtfully designed to help our clients, teams and communities accelerate success. Sikich has approximately 2,000 team members and operates across North America, EMEA and APAC.

Specialized services

Risk management

- Cybersecurity
- Forensic and valuations
- Governance, risk and compliance
- Transaction advisory (deals)

Business process solutions

- Finance and accounting services
- IT and security managed services
- Marketing and communications

Enterprise application consulting

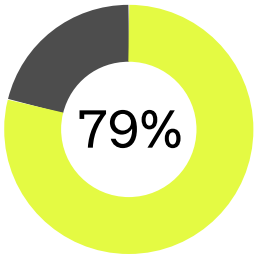
- Data and AI
- ERP, CRM, HCM products and services
- Regulatory, quality and compliance

Compliance services

- Audit and assurance
- IT controls
- Tax services

Net promoter score

The firm's overall Net Promoter Score (NPS) is 79%. 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.



Niche expertise

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:

- **Manufacturing**
- **Distribution & supply chain**
- **Construction & real estate**
- **Automotive**
- **Private equity**
- **High-tech**
- **Professional services**
- **Agriculture**
- **Life sciences**
- **Government**
- **Not-for-profit**
- **Higher education**

Operating principles

We're different than most service providers because we have the right people backed by the right platform.

- **End to end expertise**
- **Full access no ego**
- **Uncompromising problem solvers**
- **Partners in impact**
- **Cutting edge tech and innovation**

SIKICH®

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PrimeGlobal

Sikich is a member of PrimeGlobal, an award-winning association of independent accounting and business advisory firms. With over 1000 locations in 112 countries, PrimeGlobal is firmly established as the top association worldwide in terms of diverse reach and geographically widespread coverage.

Certifications & awards

- Great Place to Work® U.S. and India
- Ranked #8 Best Workplace in Chicago by Fortune magazine
- Handshake Early Talent Award
- Best Place to Work, Crain's Chicago Business
- Healthiest Employers® in Illinois, Indiana, New Jersey, Ohio, Virgina and Wisconsin
- Military Times Best for Vets Employer
- NetSuite Winter Alliance Partner Spotlights Award in Biotech and Biopharma
- CRN Solution Provider 500 list
- CRN Managed Service Provider 500 list, Elite 150 category
- Inner Circle for Microsoft AI Business Solutions
- Accounting Today VAR Top 100
- NetSuite North America Solution Provider Partner of the Year
- MSSP Alert Top 250 MSSPs
- Ranked #25 in IPA Top 500 Public Accounting Firms
- Accounting Today top financial planning firms by assets under management ($1B+ AUM)
- USA TODAY/Statista's list of "America's Most Recommended Tax & Accounting Firms"
- Financial Advisor America's Top RIA
- Construction Executive's Top Construction Accounting Firms

For more information about our services, visit **www.sikich.com.**

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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.

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