

VILLAGE OF FRANKFORT, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2015



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

27W457 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555

PHONE 630.393.1483 • FAX 630.393.2516

www.lauterbachamen.com

July 21, 2015

The Honorable Village President
Members of the Board of Trustees
Village of Frankfort, Illinois

In planning and performing our audit of the financial statements of the Village of Frankfort (Village), Illinois, for the year ended April 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Frankfort, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen LLP
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CURRENT RECOMMENDATIONS

1. CAPITAL ASSET POLICY AND APPRAISAL

Comment

During our current year-end audit procedures, we noted the Village's capital asset policy does not provide guidance on the useful lives of each category of assets. In addition, the Village has not had an appraisal of its entire capital asset balances, including infrastructure, performed in many years. The benefits of an appraisal by an outside appraisal firm include, but are not limited to 1) records for insurance purposes and 2) provide records of capital assets, including real property that the Village owns for financial reporting purposes.

Recommendation

We recommend that the Village update the current capital asset policy to address both financial, and stewardship issues. As part of updating the capital asset policy, a review of the current estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been updated, we recommend the Village undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy.

2. FUNDS OVER BUDGET

Comment

During our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

<u>Fund</u>	<u>Excess</u>
Police Protection	\$ 595,571
Street and Bridge	111,115
Motor Fuel Tax	43,869
Capital Development	122,105
Vehicle Tax	40,249
Police Pension	3,868

Recommendation

We recommend the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.