

VILLAGE OF FRANKFORT, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016



August 19, 2016

The Honorable Village Mayor
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, 2016, 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

LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. CAPITAL ASSET POLICY AND APPRAISAL

Comment

Previously and during our year-end audit procedures, we noticed that 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 recommended 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 that has been implemented.

Management Response

On July 18, 2016, the Village adopted its updated capital asset policy. Per the policy, the Village will conduct a full appraisal/physical inventory at least once every 10 - 15 years. Staff is working with an industrial appraisal for reassessment of assets for the Village Hall additions. Staff will provide information for conducting a full inventory/appraisal for the next budget cycle.

Status

This comment has not been implemented and will be repeated in the future.

2. FUNDS OVER BUDGET

Comment

Previously, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	4/30/15	4/30/16
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	-

PRIOR RECOMMENDATIONS – Continued

2. **FUNDS OVER BUDGET – Continued**

Recommendation

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

Status

This comment has been implemented and will not be repeated in the future.