

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended  
April 30, 2011

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Certified Public Accountants & Advisors

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor  
Members of the Board of Trustees  
Village of Elk Grove Village, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Village of Elk Grove Village, Illinois, as of and for the year ended April 30, 2011, and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Village's discretely presented component unit, Elk Grove Village Public Library, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Elk Grove Village, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Elk Grove Village, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we have reported to the management of the Village of Elk Grove Village, Illinois in a separate letter dated August 31, 2011.

This report is intended solely for the information and the use of the Village Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script, appearing to read "Schuch LP".

Aurora, Illinois  
August 31, 2011



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor  
Members of the Board of Trustees  
Village of Elk Grove Village, Illinois

Compliance

We have audited the Village of Elk Grove Village, Illinois' compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2011. The Village of Elk Grove Village, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Elk Grove Village, Illinois' management. Our responsibility is to express an opinion on the Village of Elk Grove Village, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Elk Grove Village, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Elk Grove Village, Illinois' compliance with those requirements.

In our opinion, the Village of Elk Grove Village, Illinois' complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2011.

### Internal Control Over Compliance

The management of the Village of Elk Grove Village, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Elk Grove Village, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Village of Elk Grove Village, Illinois as of and for the year ended April 30, 2011, and have issued our report thereon dated August 31, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and the use of the Village Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Aurora, Illinois  
August 31, 2011

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended April 30, 2011

Federal Grantor	Pass-Through Grantor	Grant Name	Federal CFDA Number	Revenues	Expenditures
Department of Justice	N/A	Federal Asset Forfeitures	16.000	\$ 20,626	\$ 20,626
Department of Justice	N/A	Bulletproof Vest Program	16.607	2,625	2,625
Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction	20.205	315,490	315,490
Department of Transportation	Illinois Department of Transportation	ARRA - Highway Planning and Construction	20.205	3,915	3,915
				<u>319,405</u>	<u>319,405</u>
Department of Transportation	Illinois Department of Transportation	Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	35,691	35,691
Department of Homeland Security	Illinois Emergency Management Agency	Disaster Grants - Public Assistance	97.056	104,668	104,668
Department of Homeland Security	N/A	Assistance to Firefighters Grant	97.044	270,955	270,955
Department of Homeland Security	Illinois <del>Emergency Management Agency</del> <i>Law Enforcement Alarm System</i>	Homeland Security Grant	97.067	72,102	72,102
				<u>\$ 826,072</u>	<u>\$ 826,072</u>

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended April 30, 2011

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NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Village's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.



VILLAGE OF ELK GROVE VILLAGE, ILLINOIS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended April 30, 2011

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:  
 Significant deficiency(ies) identified?  yes  no  
 Significant deficiency identified  
 considered to be material weaknesses?  yes  no

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:  
 Significant deficiency(ies) identified?  yes  no  
 Significant deficiency identified  
 considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance  
 for major programs: *unqualified*

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended April 30, 2011

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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Financial Statement and Federal Award Findings and Questioned Costs

**10-01 Grant Revenue Recognition**

The Village did not properly recognize revenue for two grants in the previous year, which resulted in a prior period adjustment in the current fiscal year. Grant revenue should be recognized when a qualifying expenditure has been incurred. In this instance, the finance department was unaware an expenditure qualified for a grant reimbursement and, therefore; did not recognize the related revenue in the period of expenditure. Instead, the revenue was recognized in the following period when the reimbursable expenditures were invoiced by the Village. We recommend that a formal policy be adopted whereby any department submitting a grant application would be required to communicate that to the finance department. In addition, that department would be required to keep the finance department apprised of the progress of each grant, from inception to final close out. This would include providing the finance department with copies of all applications, signed grant agreements, qualifying expenditures incurred to date, and other pertinent data. This would ensure that all grants are properly accounted for on the general ledger and that the Village is in compliance with any grant required financial status reports.

**Corrective Action Plan**

The Finance Department has met with the Village Staff Engineer to reinforce the importance of proper recording of grant receivables due as of April 30 of each year with regard to construction projects. As the position of Director of Engineering and Community Development is currently vacant, when the position is filled the Finance Department will make it a priority to discuss these requirements with the new Director and assist that person in establishing clear guidelines within the Engineering Department for reporting construction project expenses incurred at April 30 of each year. Specific actions that will be taken to remedy this issue are as follows: Engineering will invoice IDOT for its share of expenses incurred by the Village as of April 30 for each open project no later than June 30 of each year; beginning with the April accounts payable warrants of each year, all construction engineering and IDOT invoices will be forwarded to a designated person within the Finance Department to ensure recording of expense in the proper fiscal year; a copy of each invoice for open construction projects will be maintained in a file within the Finance Department to assist in the reconciliation of grant revenue owed to the Village at April 30 of each year.

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended April 30, 2011

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**10-01 Grant Revenue Recognition (Continued)**

**Status**

This comment was substantially implemented at April 30, 2011. We did note two grants that did not have receivables properly recorded for reimbursable expenditures incurred. One grant receivable was not properly recorded at April 30, 2010, before the corrective action plan was implemented. The second grant receivable was not properly recorded at April 30, 2011. Both receivable amounts were not considered material.