

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2012**

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

SINGLE AUDIT REPORT

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VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

**Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2012**

Federal Grantor				
Pass-through Grantor	CFDA		Project	Federal
Program or Cluster Title	Number		Number	Expenditures
Department of Transportation				
Illinois Department of Transportation				
Highway Planning and Construction	20.205	C-91-617-10, C-91-341-10, C-91-616-10	\$	803,551
State and Community Highway Safety	20.600		N/A	40,110
U.S. Department of Homeland Security				
Illinois Emergency Management Agency				
Staffing for Adequate Fire and Emergency Response	97.083		EMW-2007-FF-00696	63,325
Assistance To Firefighters Grant	97.044		N/A	25,139
2nd Chance Citizen Corps Grant	97.067		N/A	9,500
ILEAS EMA Tech Grant	97.067		N/A	5,436
Department of Justice				
Bulletproof Vest Program	16.607		N/A	9,348
Federal Drug Forfeiture Program	16.000		N/A	5,384
Total Federal Awards Expended				961,793

See accompanying notes to schedule of expenditures of federal awards.

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

**Notes to the Schedule of Expenditures of Federal Awards
April 30, 2012**

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Elk Grove Village and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITORS' 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**

September 13, 2012

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, each major fund, and the aggregate remaining fund information of Village of Elk Grove Village, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 13, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 Village'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's 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 material effect on the determination of 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 instances of noncompliance or other matters that are required to be reported under the Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as Finding 2012 – 1.

We noted certain other matters that we reported to management of the Village in a separate letter dated September 13, 2012.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the 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.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

**INDEPENDENT AUDITORS' 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
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

September 13, 2012

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

Compliance

We have audited the compliance of the Village of Elk Grove Village, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended April 30, 2012. The Village's 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's management. Our responsibility is to express an opinion on the Village's 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's 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 of the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

Internal Control Over Compliance

The management of the Village 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's internal control over compliance with the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over 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 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 over compliance 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Elk Grove Village, as of and for the year ended April 30, 2012, and have issued our report thereon dated September 13, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Village of Elk Grove Village, Illinois
September 13, 2012
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This report is intended for the information of the Board of Trustees, management, federal awarding agencies, pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



LAUTERBACH & AMEN, LLP

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

Schedule of Findings and Questioned Costs - Continued Year Ended April 30, 2012

SECTION 2 – Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS:

Finding 2012 – 1: Capital Asset Records

Condition: During our year end audit procedures we noted that the Village's detailed capital asset subsidiary ledgers do not tie out to the capital asset numbers balances as reported in the Village's Comprehensive Annual Financial Report (CAFR).

Criteria: A good system of internal controls would provide for accurate subsidiary ledgers which would match amounts reported in the audited financial statements.

Cause: Numerous years of restatements of capital asset balances reported in the CAFR were not posted to the subsidiary capital asset ledgers.

Effect: The Village's subsidiary capital asset ledgers do not match the amounts reported in the CAFR.

Recommendation: Although the differences between the Village's subsidiary capital asset ledgers and the Village's CAFR are not material to the financial statements as a whole, we recommend that the Village review all capital asset records for the following information, to ensure accuracy in reporting: cost, accumulated depreciation, net book value, useful life, etc.

Management's Response:

The Deputy Director of Finance along with staff will investigate and correct differences between the detailed capital asset subsidiary ledgers and the CAFR. Information on the asset register will be tracked with the assistance of each Department to ensure the accuracy of the asset register and the General Ledger.

SECTION 3 – Findings and Questioned Costs for Federal Awards Including Audit Findings as Defined in OMB Circular A-133 Section 510(a):

Questioned Costs 2012 – 1: Capital Asset Records

See Finding 2012 – 1

VILLAGE OF ELK GROVE VILLAGE, ILLINOIS

**Corrective Action Plan
April 30, 2012**

See Management Response for Finding 2012 – 1: Capital Asset Records