



VILLAGE OF GLEN CARBON, ILLINOIS

COMMUNICATION OF MATERIAL WEAKNESS
AND SIGNIFICANT DEFICIENCIES
IN INTERNAL CONTROL

April 30, 2018



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COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS

To the Mayor, Board of Trustees
and Management
Village of Glen Carbon
151 N. Main Street
Glen Carbon, Illinois 62034

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Glen Carbon, Illinois (Village) as of and for the year ended April 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency listed on the following pages to be a material weakness.

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.

The Village's written response to the matters discussed has not been subjected to the audit procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Mayor, Village Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP

Springfield, Illinois
October 17, 2018

MATERIAL WEAKNESSES

Preparation of financial statements

The Village is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Village's internal controls over GAAP financial reporting should include adequately trained personnel with knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

During the audit, we recommended material adjustments to correct accounts receivables, governmental and business-type long-term debt, interest expense, interfund activity, and Center Grove Business District investment activity. We recommend the Village continue to improve controls to ensure all transactions are properly accounted for in accordance with generally accepted accounting principles.

Auditee Response:

The Village of Glen Carbon and the Finance Department strive to meet the highest professional and ethical standards as set by the Governmental Accounting Standards Board (GASB). To a large degree, the Finance Department staff is capable to meet these standards. However, the Village also recognizes the value of having these services provided by an independent auditing firm. Additionally there can be extenuating circumstances, some of which beyond the Village's control, that may lead to conditions that contribute to weaknesses and deficiencies as defined by GASB. These may include new GASB pronouncements, transition to a new auditing firm, or changes in key management staff. The Village of Glen Carbon shall review the recommendations as outlined in documents presented to the Village Board, and take all recommendations under advisement.