

VILLAGE OF OAK PARK, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
December 31, 2009



Certified Public Accountants & Advisors

VILLAGE OF OAK PARK, 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 Village President
Members of the Village Board
Village of Oak Park, 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 of the Village of Oak Park, Illinois, as of and for the year ended December 31, 2009, which collectively comprise the Village of Oak Park, Illinois' basic financial statements and have issued our report thereon dated June 24, 2010. 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 Village of Oak Park, Illinois' 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 of Oak Park, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Oak Park, Illinois' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 09-01 through 09-06 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 09-07 through 09-08 to be significant deficiencies in internal control over financial reporting.

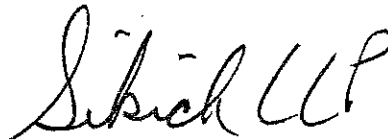
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Oak Park, Illinois' basic 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 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 or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Village of Oak Park, Illinois in a separate letter dated June 24, 2010.

The Village's written responses to the findings identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on thereon.

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.



Aurora, Illinois
June 24, 2010

VILLAGE OF OAK PARK, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B08-MC-17-0017	\$ 566,932	\$ 566,932
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B09-MC-17-0017	1,602,559	1,602,559
					<u>2,169,491</u>	<u>2,169,491</u>
Department of Housing and Urban Development	N/A	Community Development Block Grant Recovery (ARRA)	14.253	B-09-MY-17-0017	374,089	374,089
Department of Housing and Urban Development	N/A	Homelessness Prevention Rapid Re-housing	14.257	S-09-MY-17-0013	78,405	78,405
Department of Housing and Urban Development	N/A	Emergency Shelter Grant	14.231	S08-MC17-0013	10,301	10,301
Department of Housing and Urban Development	N/A	Emergency Shelter Grant	14.231	S09-MC17-0013	74,892	74,892
					<u>85,193</u>	<u>85,193</u>
Department of Agriculture	Illinois Department of Agriculture	Farmer's Market Advertising	10.169		2,000	2,000
Department of Justice	Office of the Judicial Advisory Council - Cook County	Local Law Enforcement Block Grant - BADGE	16.592	N/A	12,182	12,182
Department of Justice	Illinois Criminal Justice Authority	Juvenile Accountability Incentive Block Grant	16.523	505416	16,712	16,712
Department of Justice	N/A	Equitable Sharing of Federally Forfeited Funds	16.000	N/A	39,433	39,433
Department of Energy	N/A	Energy Efficiency and Conservation Strategy	81.128	09EE003180	38,353	38,353

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	Illinois Department of Public Health	Cities Readiness Initiative	93.069	97181113	\$ 25,240	\$ 25,240
Department of Health and Human Services	Illinois Department of Public Health	Cities Readiness Initiative	93.069	07181114	9,805	9,805
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.069	97181068	31,292	31,292
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.069	07181068	15,204	15,204
Department of Health and Human Services	Illinois Department of Public Health	PHER Phase III	93.069	07181285	49,321	49,321
Department of Health and Human Services	Illinois Department of Public Health	Public Health Emergency Response	93.069	07181190	20,868	20,868
					151,730	151,730
Department of Health and Human Services	National Assn. of County and City Health Officials	Community Environmental Health Education Project -- Needs Assessment/Implementation	93.008 93.008	MRC 080076 MRC 090076	2,847 5,000	2,847 5,000
					7,847	7,847
Department of Health and Human Services	Cook County Department of Public Health	West Nile Virus Mosquito Vector Surveillance	93.283	N/A	13,888	13,888
Department of Health and Human Services	Illinois Department of Human Services	West Nile Virus Mosquito Vector Surveillance	93.283	95380547	4,671	4,671
					18,559	18,559
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management	93.994	11GK068000	22,800	22,800
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management	93.994	11GL068000	1,850	1,850
Department of Health and Human Services	Illinois Department of Human Services	Teen Pregnancy Prevention	93.994	11GL068000	8,381	8,381
Department of Health and Human Services	Illinois Department of Public Health	Oral Health Program	93.994	93480170	746	746
					33,777	33,777

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	Cook County Department of Public Health	Minority HIV/STD Prevention Activities	93.940	N/A	\$ 17,229	\$ 17,229
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Medical Assistance Program - Medicaid	93.778	N/A	4,928	4,928
TOTAL FEDERAL AWARDS					\$ 3,049,928	\$ 3,049,928

Notes to Schedule of Expenditures of Federal Awards

Note A 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 generally accepted accounting principles. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B Of the federal expenditures presented in this schedule, the Village provided federal awards to subrecipients from the Community Development Block Grant in the amount of \$460,066.

Note C No non-cash assistance was provided.

Note D The amount of loans outstanding at December 31, 2009 under the Community Development Block Grant program was \$84,094 for first time homebuyers, \$2,404,960 for development acquisition loans, \$154,030 for single family rehabilitation loans and \$1,060,089 for other deferred payment loans.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Village President
Members of the Village Board
Village of Oak Park, Illinois

Compliance

We have audited the compliance of the Village of Oak Park, Illinois with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Village of Oak Park, 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 grant agreements applicable to each of its major federal programs is the responsibility of the Village of Oak Park, Illinois' management. Our responsibility is to express an opinion on the Village of Oak Park, 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 Village of Oak Park, 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 Oak Park, Illinois' compliance with those requirements.

In our opinion, the Village of Oak Park, 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 December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FAF 09-01.

Internal Control Over Compliance

The management of the Village of Oak Park, Illinois, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants agreements applicable to federal programs. In planning and performing our audit, we considered Village of Oak Park, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Village of Oak Park, Illinois' internal control over compliance.

A deficiency in the Village of Oak Park, Illinois' 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 controls 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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Oak Park, Illinois, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 24, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Village of Oak Park, Illinois' basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit 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 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.

Aurora, Illinois
June 24, 2010



VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes no

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>
14.218	Community Development Block Grant
14.253	Community Development Block Grant-Recovery (ARRA)

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

Auditee qualified as low-risk auditee? yes no

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings

09-01 General Ledger Maintenance

We noted when we began final fieldwork in May 2010 that numerous accounts had not yet been adjusted, including Village investments, debt, grants, capital assets, accrued payroll, and certain accounts payable and receivable accounts. These accounts required significant adjustments to be auditable. In order for the finance department, department heads, the Village board and other users of the financial statements to have accurate data on which to make comparisons and projections, the timeliness of the reconciliation of these accounts must improve.

In addition, in order to comply with deadlines imposed by granting agencies and as required for the federal single audit, the adjustment of grant accounts must also be done on a timely basis.

We recommend that the Village review the organization chart of the finance department and the workloads of the staff assigned to reconcile and review these accounts to determine if changes should be made to improve the timeliness of the data.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-01.

Corrective Action Plan

While staff has made improvements in time for the FY 2009 review process, we continue to decrease processing time. The overall focus is to complete general ledger adjustments on a monthly basis as needed. Many adjusting items traditionally left for yearend have been incorporated in the monthly process.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-02 Prior Period Adjustments

Auditing standards (SAS 112) effective for fiscal periods ended December 31, 2006 and thereafter require that material prior period adjustments that are reported in the financial statements be considered as a material weakness. In 2009, it was necessary to record two prior period adjustments were recorded to correct prior year net assets/fund balances in accordance with generally accepted accounting principles. The fund balance/net assets were restated as follows:

	General Fund	Governmental Activities
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported)	\$ 6,579,981	\$ 82,949,433
Restated for:		
Accounting correction to correct prior year CDBG activity	(151,609)	(151,609)
Accounting correction for prior year construction in progress recorded in error	-	(1,000,000)
Subtotal restatements	(151,609)	(1,151,609)
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	\$ 6,428,372	\$ 81,797,824

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-02.

Corrective Action Plan

These particular prior period adjustments were necessary to accommodate on-going changes to the underlying assets: In the first case, a change in accounting procedures as requested by HUD; in the second, a change in the understanding of payments to Whiteco for the purchase of Holley Court Garage.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-03 Cash Management

Bank reconciliations for 2009 were not completed until February and March 2010. We recommend that the finance department develop a formal procedure to ensure that all accounts of the Village are reconciled monthly by the finance department in the month the statements are received. We also recommend that the reconciliations be formally reviewed and approved by the assistant finance director and that all old outstanding checks be voided and reissued or otherwise resolved.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-03.

Corrective Action Plan

While Staff has made improvements in time for the FY 2009 fieldwork, the department has shifted workload to and is configuring different procedures to reconcile bank statements within two weeks of receiving necessary documents from the various depository institutions.

09-04 Grants Management

The Village is a recipient of federal awards from various sources. The Village now has a formal process for monitoring and tracking expenditure of federal grant monies on a Village-wide basis and it prepares a schedule of federal expenditures. However, this schedule did not reconcile to the Village's general ledger. Recipient departments monitor their own grants; however, there was not always coordination of grant reporting efforts by recipient departments with the Finance Department. We recommended that management consider incorporating a grants coordinator into its organization chart to monitor program and financial compliance with all Village grants and to assure that the Village is not subject to a loss of funding due to lack of compliance with grant requirements. This has been implemented. We also recommend that the Village prepare the schedule of federal financial assistance evidencing all of the federal programs and the amount of expenditures related to those programs and through a reconciliation process, ensure that the schedule agrees to the general ledger.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-04.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-04 Grants Management (Continued)

Corrective Action Plan

There has always been an effort to coordinate grant reporting by recipient departments with the Finance Department, however, with the loss of the full time employee and the transition to the part-time employee, the processes were inefficient and slow to get back on track.

09-05 Year-End Financial Reporting

During our audit process, it was necessary to post eighty-five (85), one hundred thirty-one (131), eighty-one (81), ninety-three (93), and one hundred twenty-six (126), adjusting journal entries to the general ledger account balances at December 31, 2009, 2008, 2007, 2006 and 2005, respectively, in order to prepare accurate financial statements in accordance with generally accepted accounting principles. Although many of these entries were provided by finance personnel, the magnitude and volume of adjustments received from finance personnel after the start of audit fieldwork and resulting from audit procedures performed negatively affected the efficiency of the audit and delayed the release of the final audit reports. While many of our clients rely on our expertise to assist them or create for them adjusting journal entries for unusual or exceptionally complicated transactions (debt refundings, transfers of capital assets from governmental funds to business-type activities, and implementing new pronouncements for example), we encourage management to make every effort to properly record the routine closing entries prior to the beginning of the audit. We anticipate that, given the complexity and volume of Village's financial activities, an auditor would expect to post twenty to thirty entries annually. The number would depend on what level of service the Village would require of the auditor.

We recommend that management review its month-end and year-end accounting procedures to incorporate all necessary adjustments required to present the accounts in accordance with generally accepted accounting principles prior to the start of the audit process. Account analyses of significant accounts should be maintained on an interim basis in order to assure the accuracy of interim financial information provided to the Board and Village management that may impact financial decisions.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-06.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-05 Year-End Financial Reporting (Continued)

Corrective Action Plan

Staff has successfully worked to decrease the number of necessary entries. Given current workload, the objective is to reduce the number of entries to approximately fifty (50) in FY 2010 and thirty (30) in FY 2011. Based on conversations among the audit team, staff has set an annual average amount of thirty (30) entries as the target amount. This has been found to be the average across less financially complex municipalities of comparable population.

09-06 Payroll Controls

During our internal control walkthrough of payroll, it was noted that the Village was not properly following their documentation regarding employee status changes. The Village's internal control documentation states that the Human Resources department creates and approves a status change sheet, then forwards it to payroll to make the changes. The status change sheet is then supposed to be signed off on and given to the Finance department to verify the correct changes have been made. The status change sheets are then returned to Human Resources to be kept in the employee files. From our walkthrough, we noted that once the status sheets reach payroll and the changes are made, the sheets stay with the Payroll department. The status sheets are not always being approved by Finance, nor are they being retained by Human Resources.

During our internal control walkthrough, we also noted that there is no review or authorization of payroll before checks and direct deposits are initiated. The Payroll department is initiating payroll, reviewing and authorizing electronic disbursements, and resolving and investigating any payroll inquiries or exceptions. While there is an independent review and authorization, it does not occur until the payroll is already paid. The Finance department transfers the money into the payroll bank account in order not to overdraft and reviews the totals for the Village summary edit report and payroll check register. Finance also matches the ACH to the direct deposit register and agrees the amounts. We recommend that Finance reviews the payroll before it is confirmed in order to check calculations and make sure the payroll appears reasonable.

Corrective Action Plan

Staff expects these comments to be incorporated into the overall review of business and payroll processing rules preceding the move to outsource the payroll process. If staff's recommendation for outsourcing is approved by the Board (expected to be on the Board's agenda in July).

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-07 Contractual Revenue

There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$761,000, \$736,000, \$797,000 and \$688,000 in 2009, 2008, 2007 and 2006, respectively. The fire department secretary prints a monthly report of ambulance runs, and sends it to the Finance Department. The report is then forwarded to a contractual billing service. The billing service returns a billing report to the Fire Department and remits a monthly payment and report to the Finance Department. The payment received is not reconciled to the Fire Department's run report. We recommend that the payment received be reconciled to the run report to verify appropriate reimbursement under the ambulance contract.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2008 as Single Audit Finding 08-09.

Corrective Action Plan

Finance is working to resolve this item no later than December 31, 2010. The obstacles have been overall lack of staff resources in both the Fire and Finance departments in addition to HIPPA concerns as to who can have access to certain types of health-related data.

09-08 General Ledger Maintenance

Due to time constraints, it was determined by the Village that it would be more efficient for Sikich to assist in the work paper preparation and general ledger adjustments. Sikich proposed entries for items such as State tax revenues, water and sewer unbilled utility revenue and other miscellaneous revenues. Information for the adjusting entries was provided by the Village staff.

During our testing of property taxes, we noted that the Village had not adjusted property tax revenue or receivable for subsequent 2008 tax levy collections in accordance with the 60-day rule. Under GASB Statement 33, revenue intended to finance a fiscal year is recorded as revenue if collected within 60 days after fiscal year end.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section II - Financial Statement Findings (Continued)

09-08 General Ledger Maintenance (Continued)

We further noted that the Village had not adjusted its property tax receivable and deferred property tax revenue for the 2009 levy. In addition, we noted that the property tax revenue for the Police and Fire Pension funds had not been recorded in the General Fund in accordance with Generally Accepted Accounting Principles (GAAP). When the Pension fund property tax levies are collected, the collections should be recorded as both a revenue and corresponding contribution expenditure in the General Fund.

During our testing of cash, we noted that the Village is not reconciling its petty cash accounts to the general ledger. We recommend that the Village reconciles its petty cash accounts on a regular basis to ensure that cash on hand is properly reflected on the general ledger.

During our testing of investments, we noted that the Village had not recorded the yearly activity for the Kelley and Surmin annuities at December 31, 2009. Adjusting entries were necessary to adjust the market values, payments made and interest income earned for fiscal year 2009. We recommend that the Village monitors these accounts on a regular basis and records activity on the general ledger as it becomes available.

Corrective Action Plan

As we successfully complete our monthly processes, these items will be resolved in a timely manner. Staff expects these items to be resolved in time for the FY 2010 audit fieldwork.

Section III - Federal Awards Findings and Questioned Costs

FAF 09-01 CDBG Reporting

The Village must file the SF-272, Federal Cash Transactions Report, quarterly within 30 days of the end of the quarter. We noted that the report for the quarter ended June 30, 2009 was filed on August 5, 2009 and the report for the quarter ended September 30, 2009 was filed on December 21, 2009, thus the reports for those quarters were not filed on a timely basis.

Corrective Action Plan

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings

08-01 Timeliness of Financial Statements

We noted when we began final fieldwork in May 2009 that numerous accounts had not yet been adjusted, including cash, Village and pension investments, debt, grants, capital assets, accrued payroll, and certain accounts payable and receivable accounts. These accounts required significant adjustments to be auditable and were not all fully adjusted in the entirety until approximately November 2009, although final adjustments were still being made in December 2009. In order for the finance department, department heads, the Village board and other users of the financial statements to have accurate data on which to make comparisons and projections, the timeliness of the reconciliation of these accounts must improve.

In addition, in order to comply with deadlines imposed by granting agencies and as required for the federal single audit, the adjustment of grant accounts must also be done on a timely basis.

We recommend that the Village review the organization chart of the finance department and the workloads of the staff assigned to reconcile and review these accounts to determine if changes should be made to improve the timeliness of the data.

Corrective Action Plan

The audit has been produced past acceptable timeframes since 2003. During this time, the Village has experienced several key personnel changes. Also, for the FY 2008 audit, the senior manager was changed, at the Village's request. This resulted in a welcome but time consuming effort to review past year's work. As a result, the process and/or manner in which information was provided to the auditors changed often causing delays.

Staff acknowledges that information must be provided to the auditors in a timely fashion and welcomes the opportunity to make the auditing process more efficient.

Current Year Status - Recommendation not is repeated at December 31, 2009.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-02 Prior Period Adjustments

Auditing standards (SAS 112) effective for fiscal periods ended December 31, 2006 and thereafter require that material prior period adjustments that are reported in the financial statements be considered as a material weakness. In 2008 two prior period adjustments were recorded to correct prior year net assets/fund balances in accordance with generally accepted accounting principles. The fund balance/net assets were restated as follows:

	Nonmajor Governmental Funds	Governmental Activities
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported)	\$ 13,676,125	\$ 86,454,832
Restated for:		
Accounting correction to correct prior year payouts of Barrie Park buyouts	(810,299)	(810,299)
Accounting correction for under accrual of revenue received relating to prior year	497,490	497,490
Subtotal restatements	(312,809)	(312,809)
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	\$ 13,363,316	\$ 86,142,023

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-01.

Corrective Action Plan

These prior period adjustments are all the result of finance department staff working diligently to clean up items that have been on the Village's books for a number of fiscal years.

Further, any causes for the original statements have been identified and remedied. Based on these efforts, the Village does not expect any further material prior period adjustments in future years.

Current Year Status - Recommendation is repeated at December 31, 2009.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-03 Cash Management

Bank reconciliations for December 2008 were not completed in until June 2009, after the scheduled audit fieldwork. Bank reconciliations for December 2007 were not completed until May 1, 2008. We recommended that the finance department develop a formal procedure to ensure that all accounts of the Village are reconciled monthly by the finance department in the month the statements are received. We also recommended that the reconciliations be formally reviewed and approved by the assistant finance director and that all old outstanding checks be voided and reissued or otherwise resolved.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-03.

Corrective Action Plan

The Village is working toward timely reconciliations. Management maintains a large number of accounts to properly segregate grant monies and other special revenues from general operating funds. While this does pose complications, staff has improved processes to remain current.

Current Year Status - Recommendation is repeated at December 31, 2009.

08-04 Grants Management

The Village is a recipient of federal awards from various sources. Currently, the Village neither has a formal process for monitoring and tracking expenditure of federal grant monies on a Village-wide basis, nor does it prepare a schedule of federal expenditures. Recipient departments monitor their own grants; however, there is not always coordination of grant reporting efforts by recipient departments with the Finance Department. We continue to recommend that management consider incorporating a grants coordinator into its organization chart to monitor program and financial compliance with all Village grants and to assure that the Village is not subject to a loss of funding due to lack of compliance with grant requirements. We also recommend that the Village prepare the schedule of federal financial assistance evidencing all of the federal programs and the amount of expenditures related to those programs. The reconciliation process of the various programs has severely delayed the completion of the Village's audit.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-04 Grants Management (Continued)

Corrective Action Plan

Finance staff has reviewed all grant monies and began properly tracking revenues and expenses in the General Ledger.

One FTE in the Health Department maintains all grant compliance records.

The Village is exploring hiring a full-time grant manager for non-CDBG items that would not only work to ensure compliance of current grants but to help identify new opportunities.

Management has historically relied on the auditors to produce the schedule of federal expenditures required for compliance as a component of the Single Audit.

Current Year Status - Recommendation is repeated at December 31, 2009.

08-05 Accounts Payable

During the review of the subsequent disbursements and accounts payable, we found multiple invoices that related to goods purchased or services performed during Fiscal 2008 that were not properly accrued to that period. Additional liabilities aggregated \$1.119 million. In the prior year, the query that was run by the Village to generate a listing of invoices paid after fiscal year end only included invoices with an invoice dated in 2007. It did not include any invoices dated 2008 even if the work was performed in 2007. We proposed and recorded an audit adjustment to accrue these additional liabilities. We recommend that management review its cut-off procedures to ensure compliance with generally accepted accounting procedures. We also recommend that all departments remit their invoices to the Finance Department on a more timely basis in order to ensure proper processing.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-04.

Corrective Action Plan

Accounts payable has been reduced from a full-time to a part-time position due to financial constraints. However, the Village was still be able to take steps to implement the recommendations. Staff has requested operating departments to provide invoices as soon as possible to allow Finance staff more time to review.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-05 Accounts Payable (Continued)

Current Year Status - Recommendation is not repeated at December 31, 2009.

08-06 Year-End Financial Reporting

During our audit process, it was necessary to post one hundred thirty-one (131), eighty-one (81), ninety-three (93), and one hundred twenty-six (126), adjusting journal entries to the general ledger account balances at December 31, 2008, 2007, 2006 and 2005, respectively, in order to prepare accurate financial statements in accordance with generally accepted accounting principles. Although many of these entries were provided by finance personnel, the magnitude and volume of adjustments received from finance personnel after the start of audit fieldwork and resulting from audit procedures performed negatively affected the efficiency of the audit and delayed the release of the final audit reports. While many of our clients rely on our expertise to assist them or create for them adjusting journal entries for unusual or exceptionally complicated transactions (debt refundings, transfers of capital assets from governmental funds to business-type activities, and implementing new pronouncements for example), we encourage management to make every effort to properly record the routine closing entries prior to the beginning of the audit. We anticipate that, given the complexity and volume of Village's financial activities, an auditor would expect to post twenty to thirty entries annually. The number would depend on what level of service the Village would require of the auditor.

We recommend that management review its month-end and year-end accounting procedures to incorporate all necessary adjustments required to present the accounts in accordance with generally accepted accounting principles prior to the start of the audit process. Account analyses of significant accounts should be maintained on an interim basis in order to assure the accuracy of interim financial information provided to the Board and Village management that may impact financial decisions.

Corrective Action Plan

Management is working with operating department staff to inform and educate as to the Village's chart of accounts in order to prevent incorrect postings from occurring in the first place.

Given the Village's complex nature, numerous accounting entries may only be handled by staff as a matter of priority. In recent years, more basic journal entries have been provided to and posted by the audit team. While management expects the volume of entries to decrease, it may still be an issue for the foreseeable future without hiring additional staff.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-06 Year-End Financial Reporting (Continued)

Corrective Action Plan (Continued)

Given the current financial health of the Village, management is not currently recommending any additional hires for this function.

Current Year Status - Recommendation is repeated at December 31, 2009.

08-07 Cash Management - Old Outstanding Checks

At December 31, 2008 the Village has one hundred thirty-two (132) checks totaling \$50,332 outstanding greater than 6 months on the Peoplesoft system. Management should consider removing these old outstanding checks from the cash reporting system and recording the outstanding balance in a liability account in order to improve the efficiency of the bank reconciliation process. It should be noted that checks outstanding greater than seven years should be remitted to the State as escheat property.

There are still certain depository accounts (Police Pension annuity) that list the former assistant finance director as the contact person. When the Village experiences a change in Finance personnel, the separated employee should be removed as a signor and as a contact person on all Village accounts immediately upon separation. In this instance the signor was removed but the contact person was not changed.

Corrective Action Plan

Staff is conducting its annual reviewing of outstanding checks and will provide recommendations for further action to the Village Manage and Board of Trustees by July 1, 2010.

Current Year Status - Recommendation is not repeated at December 31, 2009.



VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2009

Section IV - Prior Year Findings (Continued)

08-08 Parking System

Operating Loss/Deficit Fund Balance

The parking fund incurred an operating loss of \$784,818 and \$2,456,062 in 2007 and 2006, respectively, and had a deficit unrestricted fund balance (net assets) of \$10,458,184 and \$2,576,589 at December 31, 2007 and 2006, respectively. Enterprise Funds are proprietary-type funds which should be self-supporting through user charges. Management should evaluate rates charged in this fund and consider increasing the fees charged in order to cover the operating costs of the fund.

Corrective Action Plan

In the 2008 Budget process, the Village aggressively approached the operating deficit by increasing available revenue streams and reducing costs wherever possible.

Also in 2008, the Village Board voted to increase rates in garages as well as parking meters.

Current Year Status - Recommendation is not repeated at December 31, 2009.

08-09 Contractual Revenue

There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$797,000 and \$688,000 in 2007 and 2006, respectively. The fire department secretary prints a monthly report of ambulance runs, and sends it to the Finance Department. The report is then forwarded to a contractual billing service. The billing service returns a billing report to the Fire Department and remits a monthly payment and report to the Finance Department. The payment received is not reconciled to the Fire Department's run report. We recommend that the payment received be reconciled to the run report to verify appropriate reimbursement under the ambulance contract.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-08.

Corrective Action Plan

Finance staff has begun to reconcile payments to run reports.

Current Year Status - Recommendation is repeated at December 31, 2009.