



October 15, 2012

Finance Committee  
Village of Alsip  
4500 West 123<sup>rd</sup> Street  
Alsip, Illinois 60803-2599

This letter is to provide you with information about significant matters related to our audit of the financial statements of the Village of Alsip (the "Village") for the year ended April 30, 2012. It is intended solely for the Village's Finance Committee and should not be used by anyone other than this specified party.

We have provided a separate letter, dated October 15, 2012, concerning the internal control conditions that we noted during our audit.

The following are our observations arising from the audit that are relevant to your responsibilities in overseeing the financial reporting process.

**Auditor's Responsibilities under Generally Accepted Auditing Standards.** Our audit was performed for the purpose of forming and expressing an opinion about whether the financial statements, that have been prepared by management with your oversight, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your responsibilities.

**Significant Issues Discussed with Management Prior to Retention.** We discuss various matters with management each year prior to retention as the Village's auditors. These discussions occur in the normal course of our professional relationship. There were no significant issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

**Consultations with other Accountants.** We were informed by management that they made no consultations with other accountants on the application of generally accepted accounting principles and generally accepted auditing standards.

### **Qualitative Aspects of Accounting Practices.**

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. The following is a description of significant accounting policies or their application which were either initially selected or changed during the year:

- As described in Note 1 and Note 6 to the financial statements, the Village adopted Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended April 30, 2012. The requirements in this statement will improve financial reporting by providing fund balance

categories and classifications that will be more easily understood. Elimination of the reserved component of fund balance as currently reported on the balance sheet, in favor of a restricted classification will provide consistency between information reported in the government-wide statements and information in the governmental fund financial statements.

We noted no transactions in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates of financial data which would be particularly sensitive and require substantial judgments by management.

#### *Financial Statement Disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

**Difficulties Encountered in Performing the Audit.** We encountered no significant difficulties in dealing with management related to the performance of our audit.

**Corrected Misstatements.** Below is a summary of corrected misstatements, other than those that are trivial, that were brought to the attention of management as a result of audit procedures. Management has corrected all such misstatements.

- The Village's financial reporting process is on the cash basis of accounting. In order to comply with generally accepted accounting principles, significant audit adjustments were made to convert the Village's financial reporting process to the accrual or modified accrual basis of accounting.
- Significant adjustments were made to bring the Village's financial statements into compliance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

**Uncorrected Misstatements.** The attached Exhibit A summarizes uncorrected misstatements, other than those that are trivial, aggregated by us during our current audit and pertaining to the most recent period presented in the financial statements. Management has determined that these uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Representations from Management.** We have requested the representations from management that are shown in the attached Exhibit B.

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**Disagreements with Management.** There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to the Village's financial statements or our report on those financial statements.

Please contact Jeffrey E. Tyner, Partner, if you have any questions regarding the matters included in this letter.

*CliftonLarsonAllen LLP*

**PASSED ADJUSTMENT SUMMARY**  
**Village of Alsip - Governmental Activities**  
**Year Ended April 30, 2012**

<u>Description</u>	<u>Effect of Misstatements on:</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Change in Net Assets</u>
1) To accrue for items noted in our search for unrecorded liabilities.	\$ -	\$ (62,168)	\$ 60,603	\$ 1,565

**Note:** The above amounts are listed as either debits or (credits).

**PASSED ADJUSTMENT SUMMARY**  
**Village of Alsip - General Fund**  
**Year Ended April 30, 2012**

<u>Description</u>	<u>Effect of Misstatements on:</u>			<u>Change in Fund Balance</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	
1) To accrue for items noted in our search for unrecorded liabilities.	\$ -	\$ (62,168)	\$ 60,603	\$ (1,565)
2) To record difference in real estate tax collection allocation with debt service fund.	23,588	-	(10,691)	(12,897)
3) To record IPRF grant received during the year ended April 30, 2012.	34,800	(34,800)	-	-
<b>Net current year misstatements</b>	<u>\$ 58,388</u>	<u>\$ (96,968)</u>	<u>\$ 49,912</u>	<u>\$ (14,462)</u>

**Note:** The above amounts are listed as either debits or (credits).

**PASSED ADJUSTMENT SUMMARY**  
**Village of Alsip - Debt Service Fund**  
**Year Ended April 30, 2012**

<u>Description</u>	<u>Effect of Misstatements on:</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
1) To record difference in real estate tax collection allocation with general fund.	\$ -	\$ (23,588)	\$ 10,691	\$ (12,897)

**Note:** The above amounts are listed as either debits or (credits).

**PASSED ADJUSTMENT SUMMARY**  
**Village of Alsip - Other Governmental Funds**  
**Year Ended April 30, 2012**

<u>Description</u>	<u>Effect of Misstatements on:</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
1) To record cash receipts deposited by bank in error.	\$ 8,718	\$ (8,718)	\$ -	\$ -
2) To reclass the 911 liability related to Village of Crestwood fees received.	20,465	(20,465)	-	-
<b>Total Mistatements</b>	<u>\$ 29,183</u>	<u>\$ (29,183)</u>	<u>\$ -</u>	<u>\$ -</u>

**Note:** The above amounts are listed as either debits or (credits).

Patrick E. Kitching  
*Mayor*  
Deborah L. Venhuizen  
*Clerk and Collector*



**Exhibit B**

*Trustees*

John R. Shapiro  
Sheila B. McGreal  
Steven A. Daddona  
James T. Quinn  
Richard S. Dalzell  
John D. Ryan

October 15, 2012

CliftonLarsonAllen LLP  
1301 West 22<sup>nd</sup> Street, Suite 1100  
Oak Brook, IL 60523

We are providing this letter in connection with your audits of the basic financial statements of the Village of Alsip (the "Village") as of April 30, 2012 and 2011, and for the years then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the respective changes in financial position and cash flows, where applicable, of the Village in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position and results of operations of the Village and the cash flows of its proprietary fund types, where applicable of the Village in conformity with accounting principles generally accepted in the United States of America. Although CliftonLarsonAllen LLP may have made suggestions as to the form and content of the financial statements or even prepared them in whole or in part, we acknowledge our responsibility for the review and approval of the financial statement amounts and disclosures, and understand the financial statements remain the representations of our management.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 15, 2012, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. With respect to the supplemental schedules accompanying the financial statements:
  - a. We acknowledge our responsibility for presenting the supplementary information accompanying the financial statements in accordance with accounting principles generally accepted in the United States of America using consistent methods of measurement and presentation with those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. We believe the supplementary information, including its form and content, is fairly presented
3. We have made available to you all:



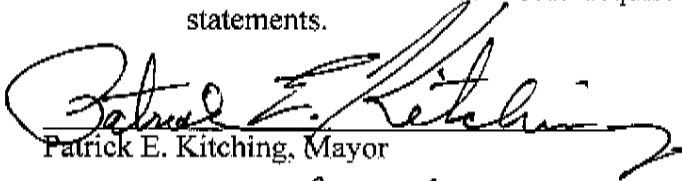
- a. Financial records and related data.
  - b. Minutes of meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
    - (i) Statutory, regulatory or contractual provisions or requirements.
    - (ii) Financial reporting practices that could have a material effect on the financial statements.
4. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
5. We have followed applicable laws and regulations in adopting, approving and amending budgets.
6. With respect to the financial statements we acknowledge the following:
- a. The financial statements properly classify all funds and activities.
  - b. The funds that meet the quantitative criteria in Governmental Accounting Standards Board (GASB) Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
  - c. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
  - d. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
  - e. Revenues are appropriately classified in the Statement of Activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
  - f. Interfund, internal, and intra-activity and balances have been appropriately classified and reported.
  - g. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
  - h. Special and extraordinary items have been appropriately classified and reported.
  - i. We acknowledge our responsibility for the management's discussion and analysis, budgetary schedules, and pension information, which is required supplementary information (RSI). Such information is measured and presented

within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.

7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
8. We have reviewed and approved all adjustments and corrections made to the financial statements and acknowledge that the adjustments are complete and accurate.
9. We have reviewed and approved all adjustments to convert our financial information from cash to accrual basis and acknowledge that we are responsible for the accuracy and completeness of such accrual basis adjustments.
10. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying Exhibit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
11. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
12. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund balances.
15. The following have been properly recorded or disclosed in the financial statements:
  - a. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements.
  - b. Estimates that might be subject to material change within one year from the date of the financial statements. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

16. There are no:
  - a. Violations or possible violations of budget ordinances, or laws or regulations (including those pertaining to adopting or amending budgets, tax or debt limits, and federal, state or local environmental laws and regulations) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies*.
  - c. Transfers, reservations or designations of fund equity or interfund borrowings that were not properly authorized and approved, or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
17. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450.
18. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged except as has been made known to you and disclosed in the financial statements.
19. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
20. We are responsible for determining if we have received, expended or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals \$500,000 or more from all sources. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
21. We are responsible for establishing and maintaining effective internal control over financial reporting.
22. We are responsible for the Village's compliance with grant provisions, laws and regulations applicable to it; and we have identified, and disclosed to you, all grant provisions, laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have complied with all aspects of grant provisions, laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

23. No events have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.



Patrick E. Kitching, Mayor



Greg Palumbo, Finance Director