

VILLAGE OF OAK PARK, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
December 31, 2008



Certified Public Accountants & Advisors

VILLAGE OF OAK PARK, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Schedule of Expenditures of Federal Awards.....	5-7
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	8-9
Schedule of Findings and Questioned Costs.....	10-25



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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, 2008, which collectively comprise the Village of Oak Park, Illinois' basic financial statements and have issued our report thereon dated December 16, 2009. 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Oak Park, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Oak Park, Illinois' financial statements that is more than inconsequential will not be prevented or detected by the Village of Oak Park, Illinois' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 08-07 through 08-09 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Oak Park, Illinois' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiency described above as finding 08-01 through 08-06 to be material weaknesses.

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 December 16, 2009.

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
December 16, 2009



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

For the Year Ended December 31, 2008

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	B07-MC170017	\$ 517,673	\$ 517,673
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B08-MC170017	1,213,821	1,213,821
					1,731,494	1,731,494
Department of Housing and Urban Development	N/A	Emergency Shelter Grant	14.231	S07-MC170013	10,301	10,301
Department of Housing and Urban Development	N/A	Emergency Shelter Grant	14.231	S08-MC170013	75,236	75,236
					85,537	85,537
Department of Justice	Office of the Judicial Advisory Council - Cook County	Local Law Enforcement Block Grant - BADGE	16.592	N/A	3,000	3,000
Department of Justice	N/A	Edward Byrne Memorial Justice Assistance (JAG)	16.738	2008-DJ-BX-0329	13,402	13,402
Department of Justice	N/A	Equitable Sharing of Federally Forfeited Funds	16.000	N/A	249,396	249,396
Department of Health and Human Services	Illinois Department of Public Health	Cities Readiness Initiative	93.069	87181116	29,929	29,929
Department of Health and Human Services	Illinois Department of Public Health	Cities Readiness Initiative Bioterrorism Preparedness Program	93.069	97181113	15,071	15,071
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.069	97181068	18,493	18,493
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.069	87181068	32,017	32,017
					95,510	95,510

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2008

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	National Assn. of County and City Health Officials	Community Environmental Health Education Project - Needs Assessment/Implementation	93.008	MRC 07509	\$ 1,429	\$ 1,429
Department of Health and Human Services	Illinois Department of Human Services	Social Services Block Grant	93.667	811G5068000	65,103	65,103
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Medical Assistance Program - Medicaid	93.778	N/A	4,723	4,723
Department of Health and Human Services	Illinois Department of Public Health	Oral Health Program	93.994	83480170 93480170	756 143	756 143
TOTAL FEDERAL AWARDS					\$ 2,250,493	\$ 2,250,493

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 \$708,689.
- Note C No non-cash assistance was provided.
- Note D The amount of loans outstanding at December 31, 2008 under the Community Development Block Grant program was \$84,094 for first time homebuyers and \$1,001,103 for other deferred payment loans.



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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, 2008. 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, 2008.

Internal Control Over Compliance

The management of 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 control deficiency in the Village of Oak Park, Illinois' internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Village of Oak Park, Illinois' ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the Village of Oak Park, Illinois' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Village of Oak Park, Illinois' internal control.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be 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, 2008, and have issued our report thereon dated December 16, 2009. 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 A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

A handwritten signature in black ink, appearing to read "Sibich LLP". The signature is written in a cursive, flowing style with a large initial 'S'.

Aurora, Illinois
December 16, 2009

VILLAGE OF OAK PARK, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2008

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

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, 2008

Section II - Financial Statement 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.

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:

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section II - Financial Statement Findings (Continued)

08-02 Prior Period Adjustments (Continued)

	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.

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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section II - Financial Statement Findings (Continued)

08-03 Cash Management (Continued)

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.

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.

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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section II - Financial Statement Findings (Continued)

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.

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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section II - Financial Statement Findings (Continued)

08-06 Year-End Financial Reporting (Continued)

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

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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section II - Financial Statement 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.

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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section III - Federal Awards Findings and Questioned Costs

None

Section IV - Prior Year Findings

07-01 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 2007, it was necessary to record seven prior period adjustments to correct the prior year net assets/fund balances in accordance with generally accepted accounting principles. The fund balance/net assets were restated as follows:

	Governmental Activities	Internal Service Funds Governmental Activities	Parking Fund Business-Type Activities
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported)	\$ 90,180,553	\$ (518,224)	\$ 5,196,247
Restated for:			
Erroneous cut-off of construction expenditures in 2006	(2,506,584)	-	-
Accounting correction for overstatement of amounts due from component unit in prior year	(2,387,208)	-	-
Accounting correction for overstatement of intergovernmental receivable in prior year	(119,903)	-	-
Accounting correction for unrecorded prepaid item in prior year	(18,004)	-	-
Accounting correction for over accrual of developer deposits payable in prior year	50,000	-	-
Accounting correction for unrecorded capital assets in prior year	2,381,846	-	124,742
Accounting correction for over accrual of Internal Service Fund liabilities in prior year	435,765	435,765	-
Accounting correction for overstatement of interfund liabilities in prior year	(595,233)	(595,233)	-
Subtotal restatements	(2,759,321)	(159,468)	124,742
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	\$ 87,421,232	\$ (677,692)	\$ 5,320,989

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

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-01 Prior Period Adjustments (Continued)

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.

07-02 Personnel Matters

A compliance audit conducted by the Illinois Municipal Retirement Fund (IMRF) in 2007 revealed that two employees had exceeded the maximum yearly hours for retired employees. Due to the noncompliance with hours restrictions for retired persons, the two participants are being requested to pay back all of their retirement earnings from the fund dating to retirement date, which would cause undue hardship to these individuals. We recommend that management monitor hours worked for part-time employees who are retired participants of IMRF and prevent such employees from working hours in excess of established allowable maximums.

Corrective Action Plan:

As of the date of this report, no Village retiree is also an IMRF participant.

Current Year Status - Recommendation is not repeated at December 31, 2008.

07-03 Cash Management

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. 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.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-03 Cash Management (Continued)

Corrective Action Plan:

The Village is working toward timely bank reconciliations.

Current Year Status - Comment still applicable at December 31, 2008 as bank reconciliations for December 2008 were not completed until June 2009.

07-04 Accounts Payable

During the review of the subsequent disbursements and accounts payable, we found that the Village cut-off its recording of accounts payable at February 25, 2008. This resulted in the accrual of multiple invoices found during audit testing that related to goods purchased or services performed during Fiscal 2007 but were not accrued to that period. Additional liabilities aggregated \$4.148 million. We also noted certain unrecorded invoices that should have been accrued by the Village that fell within the cut-off period. However, 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 the cut-off period be extended through the start of audit fieldwork and that management reviews its cut-off procedures to ensure compliance with generally accepted accounting procedures.

Corrective Action Plan:

The Village has taken steps to implement the recommendation.

Current Year Status - Comment still applicable at December 31, 2008. Audit adjustments were proposed to record additional accounts payable at December 31, 2008, which aggregated \$1.119 million.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-05 Parking System

The Village generated approximately \$3,500,000 in revenues from its parking activities in 2006. During our review of the internal control policies and procedures in place for the parking system, we noted the following:

Cash Management

In order to achieve improved internal control over cash receipts, Management should consider a reorganization of the Cashier Office to combine all four finance cashiers into one office and have two permit clerks in the permits office that have no access to cash receipts.

Corrective Action Plan:

A reorganization was implemented on January 1, 2009.

Segregation of Duties

Nonsuit fields were restricted to adjudication personnel in the past; access to the adjudication screen in Peoplesoft was given to the Parking Department for citations within 14 days of issuance to enhance customer service. All parking personnel have access to this screen and have the ability to alter citation information in the system. Parking should have to e-mail adjudication to void a citation in order to achieve an appropriate segregation of duties. The department collecting the revenue should not have authority to change the amount assessed.

Corrective Action Plan:

Current policy dictates that Parking staff have limited means to “non-suit” tickets within a short time once a ticket has been entered into the system. This is done to improve customer service and prevent obviously spoiled tickets from entering the Adjudication process.

Supervisory staff reviews and approves all changes. The ticket system stores records of which users make such changes.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-05 Parking System

Revenue Reconciliations

The daily report generated from the permit program reflects only permits issued, not the actual amount of money taken in. The system does not provide for transfers; incremental cost is noted in remarks field of the daily permit transaction report. The transfer column lists the fee for the new location. The current system cannot accommodate a credit for the returned permit. Management should consider revising the format of permit activity reports to reflect credits for transfers and data fields for miscellaneous revenues. This would facilitate reconciliation of daily cash receipts.

Corrective Action Plan:

The first version of the custom, permit application is currently being reviewed by Finance, Parking and IT staff to address this issue as well as other similar gaps identified by staff.

Vehicle Stickers

It is Village policy that permits are issued only to vehicles having a valid Village vehicle sticker. This policy is not enforced. Management should consider integrating vehicle stickers with the citation system to flag noncompliant vehicle owners.

Corrective Action Plan:

The two separate systems were built individually to accommodate two very distinct sets of business rules. Data entry issues prevent the two systems from being effectively linked in real-time. Staff is unable to implement the recommendation at this time.

Permit Processing

- a. Current Village policy provides for a rebate of permit fees if the resident wants to cancel the permit before the expiration date. The resident removes the permit from the vehicle window and presents it to the Permit Office. The refund is then calculated based on a proration of days remaining. We recommend that Management consider a policy change to make permits nontransferable and nonrefundable. This would increase permit revenue and eliminate the administrative burden of processing the refunds.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-05 Parking System (Continued)

Permit Processing

a. (Continued)

Corrective Action Plan:

It is current Village policy to provide refunds so that users return permits not needed, thereby allowing the Village to offer the permit to another customer.

b. There are 130 lots within the Village parking system. When a customer comes in to apply for a parking permit, it is a time consuming process to identify availability in lots within the resident's geographic range. We recommend that Management consider options to link lot availability to resident addresses through a GIS link.

Corrective Action Plan:

Staff believes a GIS link, while interesting, is not the most cost effective manner at this time to provide the stated service. Staff has considered other options to provide inventory control of spaces and has incorporated them into the current system.

c. Permit clerks indicated that there are instances when a resident comes to purchase a permit and the transaction cannot be completed due to lack of information (e.g. no license plate number). The clerks will then allow the resident to place a hold on the permit until the missing information is obtained. These applications and held permits are kept on the permit clerk's desk until the transaction is completed. We recommend Management establish a central filing bin for held permits so that the documents are readily accessible for completion of the transaction and reduce the potential for lost permits.

Corrective Action Plan:

As the Finance Department assumed supervision over the Permit Office, a print-on-demand permit fulfillment process was implemented which eliminating any inventory of useable permits.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-05 Parking System (Continued)

Key Cards/Transponders

There is no inventory maintained of parking key cards, transponders, or meter keys. We recommend that an inventory be developed for control of unissued key cards, transponders, and meter keys to prevent unauthorized distribution.

Corrective Action Plan:

Transponders, meter keys and keycards may only be activated by a process involving at least two people including a supervisor. Management feels this provides adequate control over the inactive inventory.

07-06 Revenue Reconciliations

Parking revenue (meter and garage) cash summaries are not reconciled to the revenue balances in the general ledger. We recommend that monthly cash summary totals be compared to revenue postings for reasonableness and that any significant variances be investigated by a member of management.

Corrective Action Plan

This has been corrected as of March 2008.

07-07 Contractual Revenue

There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$688,000 in 2007. 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, 2006 as Single Audit Finding 06-07.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-07 Contractual Revenue (Continued)

Corrective Action Plan

Finance staff is working with the Fire Department to resolve.

Current Year Status - Comment still applicable since December 31, 2006. Revenue from 2008 billings approximated \$736,000.

07-08 Payroll Processing

No review of payroll was made by someone independent of the payroll function before checks are prepared prior to October 2008. In order to prevent payroll processing errors, we recommend that payroll distributions be reviewed by someone independent of the payroll processing function prior to the preparation of payroll disbursement checks. An independent review should be made before checks are run to ensure there are no errors.

Corrective Action Plan

The Village implemented a review process in October 2008.

Status - Comment implemented in October 2008.

07-09 CDBG Grant Reconciliation

During our review of the Village's Comprehensive Annual Performance and Evaluation Report, we noted that the numbers reported for administrative costs did not reconcile to the Village's general ledger for the Community Development Block Grant Fund. We recommend that a reconciliation be prepared and retained in the grant files that reconciles revenues and expenditures reported in the CAPER with the final audited account balances in the general ledger. The reconciliation should tie the cash basis numbers reported in the CAPER to the modified accrual basis numbers in the general ledger by accounting for changes in grant receivables and accounts payable.

Corrective Action Plan

Staff has implemented the recommendation as of 12/31/2009.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2008

Section IV - Prior Year Findings (Continued)

07-10 CDBG Grant Reporting

The Village is required to file quarterly federal transaction (SF-272) reports with the Department of Housing and Urban Development within 30 days of the end of each fiscal quarter. The quarterly reports for the quarters ended March 31, 2007 and June 30, 2007 were filed on October 15, 2007. We recommend that the Village file these reports by the required due date.

Corrective Action Plan

After meeting with HUD to verify how to account for several new grant programs, reports are timely.