

VILLAGE OF OAK PARK, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
December 31, 2012



VILLAGE OF OAK PARK, ILLINOIS
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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 Board of Trustees
Village of Oak Park, Illinois

We have audited, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the Village of Oak Park, Illinois' basic financial statements, and have issued our report thereon dated May 28, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Oak Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Oak Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Oak Park's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as #2012-01, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as #2011-01 and #2011-02, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Oak Park's financial statements are free from 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 May 28, 2013.

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 "S. Reichert", is positioned above the date and location text.

Naperville, Illinois
May 28, 2013



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Report on Compliance for Each Major Federal Program

We have audited the Village of Oak Park, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village of Oak Park, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State 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 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Oak Park, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Oak Park, Illinois' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Village of Oak Park, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Village of Oak Park, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Oak Park's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The Village of Oak Park, Illinois' responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Oak Park, Illinois' responses and, accordingly, we express no opinion on the responses.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, 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, 2012, and the related notes to the financial statements, which collectively comprise the Village of Oak Park, Illinois' basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We issued our report thereon dated May 28, 2013 which contained unmodified opinions on those 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Naperville, Illinois
May 28, 2013

VILLAGE OF OAK PARK, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2012

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	B12-MC-17-0017	\$ 743,276	\$ 743,276
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B11-MC-17-0017	515,425	515,425
Department of Housing and Urban Development	N/A	ARRA - Community Development Block Grant Recovery	14.253	B-09-MY-17-0017	2,509	2,509
				Total CDBG Cluster	<u>1,261,210</u>	<u>1,261,210</u>
Department of Housing and Urban Development	N/A	Homelessness Prevention Rapid Re-housing	14.257	S-10-MY-17-0013	74,459	74,459
Department of Housing and Urban Development	N/A	Emergency Solutions Grant	14.231	E-12-MC-17-0013	21,617	21,617
Department of Housing and Urban Development	N/A	Sustainable Communities Challenge Grant	14.704	CCPIL0052-11	137,999	137,999
Department of Justice	N/A	Equitable Sharing of Federally Forfeited Funds	16.000	N/A	44,857	44,857
Department of Justice	N/A	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-SB-B9-0835	11,286	11,286
Department of Justice	N/A	Bulletproof Vest Grant	16.607	2012	2,646	2,646

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Transportation	Illinois Department of Transportation	Occupant Protection Enforcement	20.600	AL2-4295-037	\$ 5,104	\$ 5,104
				AL-13-176	4,428	4,428
				Total 20.600	9,532	9,532
Department of Transportation	Illinois Department of Transportation	Impaired Driver Enforcement	20.601	AL2-4295-037	14,437	14,437
				AL-13-176	6,004	6,004
				Total 20.601	20,441	20,441
Department of Transportation	N/A	Highway Planning and Construction – Recovery (Cap the Ike Preliminary Engineering)	20.205	05-00240-00-EG	29,400	29,400
Department of Transportation	N/A	ARRA - Highway Planning and Construction – Recovery (Ridgeland Resurfacing)	20.205	09-00247-00-RS	40,448	40,448
				Total 20.205	69,848	69,848
Department of Energy	Illinois Department of Commerce and Economic Opportunity	ARRA - Community Renewable Energy Program	81.041	09-462020	248,091	248,091
Department of Energy	Chicago Metropolitan Agency for Planning	Multi-Unit Retrofit Loan Improvement Program	81.128	DE-EE0003561	27,500	27,500
Department of Energy	N/A	Sustainability Grant	81.128	DE-EE0002201	73,162	73,162
				Total 81.128	100,662	100,662

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	National Association of County and City Health Officials	Medical Reserve Corps	93.008	MRC 11 76	\$ 825	\$ 825
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Medical Assistance Program	93.778	FCM Medicaid	12,732	12,732
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Family Case Management - Infant Mortality	93.778	11GQ01151	36,208	36,208
				Total 93.778	48,940	48,940
Department of Health and Human Services	Illinois Department of Public Health	Chicago Metropolitan Statistical Area Risk Based Funding Initiative	93.069	27180132A	8,743	8,743
Department of Health and Human Services	Illinois Department of Public Health	Cities Readiness Initiative	93.069	27180114	30,127	30,127
		Cities Readiness Initiative	93.069	37180114A	18,770	18,770
Department of Health and Human Services	Illinois Department of Public Health	Public Health Emergency Response	93.069	27180068	35,656	35,656
Department of Health and Human Services	Illinois Department of Public Health	Public Health Emergency Response	93.069	371800068A	24,222	24,222
				Total 93.069	117,518	117,518
Department of Health and Human Services	Illinois Public Health Association	HIV Prevention and Testing Services	93.944	N/A	6,950	6,950
Department of Health and Human Services	Illinois Department of Public Health	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	West Nile Virus Prevention/ 25380409	3,000	3,000

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management - Community Grant	93.667	11GQ01151	\$ 3,000	\$ 3,000
				FCSRE01591	1,500	1,500
				Total 93.667	4,500	4,500
Department of Health and Human Services	Illinois Department of Human Services	Teen Pregnancy Prevention	93.994	11GQ00068	4,989	4,989
				FCSRE00759	5,933	5,933
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management - Infant Mortality	93.994	11GN068000	5,451	5,451
				FCSRE01591	29,114	29,114
Department of Health and Human Services	Illinois Department of Public Health	Oral Health Program	93.994	23480132	341	341
				33480131A	638	638
				Total 93.994	46,466	46,466
Public Health Institute of Metropolitan Chicago	N/A	ARRA - Model Communities	93.272	1U58DP00263-01	1,406	1,406
Department of Homeland Security	Federal Emergency Management Agency SAFER		97.083	EMW-2009-FH-01332	181,887	181,887
TOTAL FEDERAL AWARDS					\$ 2,414,140	\$ 2,414,140

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2012

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 \$284,190.
- Note C No non-cash assistance was provided.
- Note D The amount of loans outstanding at December 31, 2012 under the Community Development Block Grant program was \$84,094 for first time homebuyers, \$1,962,460 for development acquisition loans, \$444,146 for single family rehabilitation loans and \$837,067 for other deferred and non-deferred payment loans.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

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 no

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>
14.218/14.253	Community Development Block Grant Cluster

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, 2012

Section II - Financial Statement Findings

2012-01 Prior Period Adjustments

Condition: In 2012, it was necessary to record prior period adjustments to correct prior year net position/fund balances in several funds in accordance with generally accepted accounting principles.

Criteria: 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.

Cause: The Village's internal control procedures were not sufficient to allow the Finance Department to record these adjustments in the correct period.

Effect: We proposed adjustments, agreed to by the Village, to adjust beginning fund balance/net assets.

Recommendation: We recommend the Village ensure all transactions are recorded in the proper period.

Corrective Action Plan

With the hiring of the new Deputy CFO, staff was able to thoroughly review the Village's general ledger. During this review, it was determined that certain adjustments were necessary. Review procedures have been implemented to help minimize the need for restatements going forward, other than items required by the implementation of new GASB statements.

Section III - Federal Awards Findings and Questioned Costs

None

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2012

Section IV - Prior Year Findings

2011-01 Grants Management

Condition: During our review of the health and other grant sub-fund trial balances; we noted multiple grant sub-funds reported a net income/loss. We also noted that many of these sub-funds reported both grants receivable and deferred revenue, and in some cases negative revenue. In addition, one large federally funded grant was noted by us that required an adjustment of approximately \$300,000 to accrue revenue and receivable to match the expenditures incurred. This grant became a major program for the single audit of federal awards and, therefore, required additional testing subsequent to our scheduled fieldwork.

Criteria: The Village's grant sub-fund recording system is designed to recognize grant revenue only to the extent that eligible expenditures or allocations have been incurred. Therefore whether a grant is either advance funded or on a reimbursement basis funded, a grant sub-fund should have zero net income at all times.

Cause: It appeared that an inadequate review of each fund had been done prior to our testing, and the Village had not prepared the Schedule of Expenditures of Federal Awards until after fieldwork had concluded.

Effect: Significant adjustments to numerous funds and accounts were necessary in order to conduct our audit.

Recommendation: We recommend that periodic evaluations be done on each of the grant sub-funds to ensure that eligible expenditures are properly recorded and allocated and that revenue is recognized only to the extent of those expenditures. We also recommend that the Village prepare the Schedule of Expenditures of Federal Awards during the year as grants are awarded and update as needed for grant expenditures incurred so that by year end a comprehensive, accurate schedule is available.

Status - Comment is implemented as of December 31, 2012.

2011-02 Contractual Revenue

Condition: There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$675,000, \$675,000, \$761,000, \$736,000, \$797,000 and \$688,000 in 2011, 2010, 2009, 2008, 2007 and 2006, respectively.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2012

Section IV - Prior Year Findings (Continued)

2011-02 Contractual Revenue (Continued)

Criteria: 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 from the billing service should be reconciled to the original run report from the Fire Department.

Cause: The payment received is not reconciled to the Fire Department's run report.

Effect: The Village is potentially vulnerable to misstatements due to error or fraud.

Recommendation: We recommend that the payment received be reconciled to the run report to verify appropriate reimbursement under the ambulance contract.

This Single Audit Finding was repeated from the prior year to 2011 and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2011 as Single Audit Finding 10-07. This finding has been corrected as of December 31, 2012.