

VILLAGE OF HOMEWOOD, ILLINOIS

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
APRIL 30, 2026

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October 2, 2026

The Honorable Village President
Members of the Board of Trustees
Village of Homewood, Illinois

In planning and performing our audit of the financial statements of the Village of Homewood (the Village), Illinois, for the year ended April 30, 2026, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Homewood, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. COMMINGLED CASH

Comment

During our current year-end audit procedures, we noted that the Village's commingled cash allocations between various funds resulted in significant positive and negative cash balances.

For example, as of April 30, 2026, the BMO Harris accounts had a total book balance of \$8,196,876. This was allocated to the funds as follows:

Fund	Cash Balance 2026
General	\$ (4,466,997)
Downtown TOD TIF	1,221,114
Northeast TIF	4,385,302
Network #3 Cook County Telecomm	781,468
Southwest TIF Special Allocation	209,139
East CBD TIF	(60,859)
Dixie/Miller Court TIF	28,123
183rd West TIF	(3,937)
North Halsted TIF	43,534
Kedzie Gateway TIF	(10,109)
Bond Debt Service	347,319
CIP General	5,507,552
South Gate TIF	126,773
Bond Capital Projects	3,810
Water and Sewer	84,644
Total	<u>8,196,876</u>

There are many advantages to cash commingling, such as increasing the funds available for investment opportunities. However, the allocation process should represent accurately each funds' percentage ownership of the cash balance.

Recommendation

We recommend that the Village review the process for allocation of the commingled cash balances and adjust the balances as appropriate.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

CURRENT RECOMMENDATIONS - Continued

2. INFORMATION TECHNOLOGY

Comment

During our current year-end audit procedures, we noted a sufficient internal control system should include controls over the Village's information technology and a written disaster recovery plan. These controls would provide the appropriate security for the Village's financial information to prevent unauthorized access or data loss.

Recommendation

We recommend that the following controls be put into place: documentation of the testing patches or upgrades to computer software or systems, monitoring of access to financial information, restriction of physical access to Village data, computer access password controls, and the Village strengthen and test firewall protection by reviewing threat logs on a daily basis. The Village should also implement a written disaster recovery plan.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS

1. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	2026	2025
Northeast TIF	\$ 719,756	—
Police Seized	270,105	208,261
Foreign Fire Insurance	—	17,241
Network #3 Cook County Telecomm	67,518	16,201
183rd West TIF	—	12,110
Dixie/Miller Court TIF	3,619	—
Bond Debt Service	—	30,895

Recommendation

We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

2. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our current year-end audit procedures, we noted a funds with deficit fund balance. See the following funds and the current year-end fund balance compared to the prior year-end fund balance:

Fund	2026	2025
North Halsted TIF	\$ 2,754	—
East CBD TIF	60,859	70,197
183rd West TIF	28,099	12,110
Kedzie Gateway TIF	10,109	90,717

Recommendation

We recommended the Village investigate the cause of the deficit and adopt appropriate future funding measures.

PRIOR RECOMMENDATIONS - Continued

2. FUNDS WITH DEFICIT FUND BALANCE - Continued

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

3. CAPITAL ASSET POLICY

Comment

Previously and during our current year-end audit procedures, we noted the Village does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets.

Recommendation

We recommended that the Village adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommended the Village undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy. Additionally, as part of this process we recommended land be inventoried and valued at its estimated fair value on the date donated.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

4. CAPITAL ASSET APPRAISAL

Comment

Previously and during our current year-end audit procedures, we noted the Village has not had an appraisal of capital assets performed by an outside appraisal firm. Which results in multiple assets being included that are no longer in use. This appraisal will be used to track capital assets. The benefits of an appraisal by an outside appraisal firm include but are not limited to 1) records for insurance purposes and 2) provide records of capital assets, including real property that the Village owns for financial reporting purposes.

PRIOR RECOMMENDATIONS - Continued

4. CAPITAL ASSET APPRAISAL - Continued

Recommendation

We recommended that the Village have an outside appraisal firm perform a physical inventory and valuation of all the Village's capital assets. A periodic inspection of the assets should also be compared to this detail listing to ensure that all assets are accounted for on a regular basis. We further recommended that all capitalizable items be budgeted and charged to capital outlay accounts and that these accounts are reconciled each year to the total additions to capital assets.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This Statement is applicable to June 30, 2026 fiscal year-ends and thereafter.

2. **GASB STATEMENT NO. 104 DISCLOSURE OF CERTAIN CAPITAL ASSETS**

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, Disclosure of Certain Capital Assets, which provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for (1) Certain types of capital assets to be disclosed separately in the capital assets note disclosures, and (2) Capital assets held for sale, including additional disclosures for those capital assets. This Statement is applicable to June 30, 2026 fiscal year-ends and thereafter.