

VILLAGE OF HOMEWOOD, ILLINOIS

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
APRIL 30, 2025

2020 Chestnut Road
Homewood, IL 30430
Phone: 708.206.3372
www.homewoodil.gov



September 12, 2025

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, 2025, 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

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/expenses, exclusive of depreciation, over budget for the fiscal year:

Fund	2024	2025
Police Seized	\$ 177,902	208,261
Foreign Fire Insurance	22,151	17,241
Network #3 Cook County Telecomm	6,947	16,201
Kedzie Gateway TIF	74,213	—
Bond Debt Service	—	30,895
Bond Capital Projects	—	—

Recommendation

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

Management Response

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

Status

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

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	2024	2025
East CBD TIF	\$ 70,197	70,197
183rd West TIF	—	12,110
Kedzie Gateway TIF	79,213	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

Management Response

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

Status

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

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.

Management Response

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

Status

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

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.

Management Response

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

Status

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

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Village's financial statements for the year ended April 30, 2026.

2. **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. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Village's financial statements for the year ended April 30, 2026.