

**DRAFT**

**VILLAGE OF WINNEBAGO  
WINNEBAGO, ILLINOIS**

Management Letter

December 31, 2017

July \_\_, 2018

To the Board of Trustees  
Village of Winnebago:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2017, in accordance with the auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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 following deficiency at the Village to be a significant deficiency:

*Segregation of Duties*

In an environment of few staff, proper segregation of duties is virtually impossible. We acknowledge the board's ongoing involvement in reviewing the financial statements, budget vs. actual results, bank reconciliations and credit card statements by both the finance committee and the Trustees (and stress its importance). This practice greatly enhances the internal control. The hiring of an outside consultant has also improved internal processes and provided the Village with more accurate monthly financial information.

*Our comments are not intended to be critical of any individual or individuals associated with the Village.*

We wish to thank the Village's management and staff for the cooperation and courtesy extended during the performance of our services

This information is intended solely for the use of the Board of Trustees and management of the Village of Winnebago and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,