



Management  
Village of Rantoul, Illinois  
Rantoul, Illinois

In planning and performing our audit of the financial statements of Village of Rantoul, Illinois as of and for the year ended April 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated November 25, 2019, contains our written communication of significant deficiencies and material weaknesses in the entity's internal control. This letter does not affect our report on the financial statements dated November 25, 2019, nor our internal control communication dated November 25, 2019.

#### ***Credit Card Policies***

We noted in the audit process that copies of a credit card are used for various departments and there are no limits on the card and no written policies. While no irregularities were noted in our testing, lack of proper controls and policies over credit card usage can allow for misuse of funds going undetected on a timely basis. We recommend limiting the use of credit cards to certain personnel. In addition appropriate limits should be put in place and written policies, including a detailed review process.

#### ***Capital Asset Disposals***

In the audit process, we noted there is not a formal approval process over capital asset disposals. This can allow for disposals without the proper authority or reporting. We recommend a formal policy be put on place over disposals to ensure they are properly approved and tracked for reporting purposes.

#### ***Unrecorded Accounts Payable***

The Village provides accounts payable listings at the end of the fiscal year, which are accrued for the audit process. We noted in our search for unrecorded payables that there were several payables that should have been recorded and were not. This resulted in an understatement of liabilities and expenses that was corrected through audit adjustment. We recommend training department heads on what triggers an expense to be recorded in one fiscal year versus the next. All invoices at year-end should be reviewed for recording in the appropriate fiscal year, based on the accrual basis of accounting.

#### ***Investment Balance***

When inquiring about an investment balance on the books for \$170,000, we found that it was unknown what made up this investment balance. Lack of reconciliation of all investment balances can result in errors in the recording of your asset balances. It was later determined this was a stock balance held by the state. We recommend resolving the status of this investment and ensure it is recorded properly.

***Promissory Notes***

The prior year audit report did not include a \$27,640 promissory note. We also noted that payments on promissory notes (\$52,738) are recorded as capital outlay expense rather than debt service, on the general ledger. Recording debt service payments in the wrong accounts can allow for inaccurate reporting on the year- end financial statement. We recommend recording all promissory note payments in appropriate principal and interest expense accounts.

***Agency Funds***

In our confirmation of year-end balances with your banks, there were three bank accounts (Firemen's Benefit Fund, Shop with a Cop, and Metro) and one CD (Shop with a Cop) which were in the Village's name, but were not on the general ledger of the Village. These account relate to other entities or groups that are using the Village's tax identification number, and the Village is involved with reconciling the accounts. Lack of the use of the general ledger controls over these accounts can result in unidentified errors or irregularities. These types of accounts appear to be agency funds and should be reported in the financial statements of the Village as such.

***Inventory Counts***

We noted in our inventory test counts, that a section of the water inventory was not counted. We also found that certain inventory items were accounting for in the Water Fund that were really Waste Water inventory items. These errors lead to inaccurate inventory balances being reported. We recommend strengthening controls over the inventory count process to ensure all items are counted and are recorded in the appropriate fund.

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 entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Village Board, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Champaign, Illinois  
November 25, 2019