



To the Honorable Village President and Board of Trustees
Village of Glenview
Glenview, Illinois

In planning and performing our audit of the financial statements of the Village of Glenview, Illinois (the Village) as of and for the year ended December 31, 2014, in accordance with 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 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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.

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.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Finding 2014 – 001: *Capital Assets*

As also noted in the previous audit, we noted the Village had discrepancies between the capitalization policy as disclosed in the Notes to the Financial Statements, and the current capitalization practice with regards to the useful lives of certain assets and the thresholds used when capitalizing asset additions. Use of a formal written capitalization policy is essential for ensuring uniformity in the capitalization and depreciation of all Village and Library capital assets.

During our audit of capital assets we noted the Village does not have a detailed listing of infrastructure assets for items acquired prior to the implementation of GASB 34 (FY2003).

Recommendation

We recommend the Village and Library each prepare a detailed capital asset policy. The policies should have enough detail to guide employees in the process of determining which purchased, constructed or contributed assets should be capitalized and at what threshold to capitalize, the appropriate useful life over which the asset will be depreciated and in what manner they should be depreciated, the manner for approving capital purchases and disposals, and the types of costs that should be included in asset value, particularly those assets that are constructed by the Village and Library.

As a follow up to our previous recommendation, we are aware that the Village has started working with the Community Development Department, as well as increased efforts working with Geographic Information System (GIS) for the purposes of managing, tracking and facilitating more efficient distribution of infrastructure assets. We recommend the Village continue their efforts with the Community Development Department, as well as GIS to obtain a detailed inventory of infrastructure assets, including those acquired/constructed prior to 2003 to accommodate the information needed for accurate preparation of the financial statements.

Management Response

In the next year, the Village and Library will each continue the process of updating and enhancing its respective Capital Asset policy further detailing the capitalization procedures followed by each organization on a going forward basis. This process will bring into compliance the few variances between the useful lives stated in the financial statement notes policy and the useful lives used in the depreciation schedules. The current Village policy is based on the Capital Improvement Standards which are reviewed with the Board each year and detail infrastructure service life, unit cost, total value, and annual investment.

The Village has invested a significant effort in the last few years entering its historical paper infrastructure inventory into its electronic Geographic Information System (GIS) for the purposes of managing, tracking, and facilitating more efficient distribution of infrastructure records. Significant progress has been achieved in the process of updating these asset records with location information and attribute data such as installation year, material, size, type, and improvement class. Due to the large scope of this project, it was broken into phases. Phase I was completed in 2014-2015 with the GIS data export of infrastructure data from 1924-2014. An overall comparison by asset type was confirmed with the capital asset sheets and 2014 was specifically reconciled. Phase II scheduled for 2015-2016 includes a comparison between earlier data sets and a concomitant update to the capital asset sheets. These efforts will be done in conjunction with the update of the Capital Asset policy and the integration of these records will insure the accurate reporting of the net book value of capital assets.

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

McGladrey LLP

Schaumburg, Illinois
June 12, 2015