VILLAGE OF LAKE IN THE HILLS, ILLINOIS

MANAGEMENT LETTER

December 31, 2014
The Honorable President
Members of the Board of Trustees
Village of Lake in the Hills
Lake in the Hills, Illinois

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 of Lake in the Hills, 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 its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic 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 material weaknesses or significant deficiencies 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. 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.

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

Naperville, Illinois
June 5, 2015

[Signature]
SIGNIFICANT DEFICIENCY

Prepays and Payables

The Village recorded both a prepaid expenditure and accounts payable for the 2015 IRMA premium in the amount of $527,944. This transaction did not meet the accounting definition of a prepaid or an accounts payable. We proposed an adjustment to reduce the prepaid and the payable by this amount. We recommend that the Village review its year end cutoff procedures for prepaids and payables.