



**VILLAGE OF KENILWORTH, ILLINOIS**

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND  
MATERIAL WEAKNESSES**

For the Year Ended December 31, 2022

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The Honorable President  
Members of the Board of Trustees  
Village of Kenilworth, Illinois

Ladies and Gentlemen:

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 Kenilworth, Illinois (the Village) as of and for the year ended December 31, 2022, 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 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 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 deficiency in internal controls 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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village'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 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 communication is intended solely for the information and use of the President, the Village Board and management of the Village of Kenilworth and is not intended to be and should not be, used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
June 8, 2023

## **SIGNIFICANT DEFICIENCY**

### **2022-001: Year End Close Process**

*Condition:* Based on audit procedures performed, several audit journal entries were proposed to present fairly the Village's financial statements. Adjusting journal entries were proposed to correct fund balances / net position, correct revenue recognition, accrue liabilities, correct capital asset balances, and correct reporting of pension fund investment balances. We were made aware that many of the proposed entries were reviewed and approved by the Village's third party accounting services, but ultimately entered into the system incorrectly. During our testing, we noted the Village maintains reconciling schedules to assist in the preparation of year end close journal entries, which are a great tool in preparing the year end close adjustments.

*Recommendation:* It is recommended that the Village review its year end close procedures and ensure the existing reconciliation schedules are updated at the end of the fiscal year for all significant accrual accounts. In addition to updating the reconciliation schedules, it is advised the schedules are reviewed after adjustments are recorded to ensure the entries were recorded properly and recorded balances agree to the supporting schedules.