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Board of Trustees and Management
Town of Cunningham, Illinois
Urbana, Illinois

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Town of Cunningham, Illinois as of and for the year ended June 30, 2016, 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 opinions 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.

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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weaknesses.

Financial Statement Preparation

The Board of Trustees and management share the ultimate responsibility for the entity's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The entity engages CliftonLarsonAllen LLP to assist in preparing its financial statements and accompany disclosures and the depreciation schedules. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the entity's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, and the depreciation schedules, the entity should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, and depreciation schedules, are complete and accurate.

Such review procedures should be performed by an individual possessing a thorough understanding of applicable accounting principles and knowledge of the entity's activities and operations. Currently, the entity's personnel do not have sufficient financial reporting and accounting knowledge to perform a review of the entity's financial statements and related disclosures and depreciation schedules to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected. This condition puts management at risk of not detecting material errors in the financial statements. Under generally accepted auditing standards, we are required to inform you of this. We make no recommendation as to whether management should or should not invest in additional personnel or additional training for existing personnel to acquire the capacity to maintain the level of expertise necessary to prepare financial statements, including all disclosures and the depreciation schedules.

Funds Out of Balance in QuickBooks

We noted that the trial balances at year-end in QuickBooks did not balance by fund (Town and General Assistance), but balanced in total. This resulted in the appearance of one fund owing the other fund at year-end. After further research and review of the back up ledger (green sheets), it was determined that a few classification errors were made during the conversion from the AS400 accounting software to Quickbooks which effectively eliminated the internal controls in place to double check the manual back up ledger computations. These errors were corrected via journal entry. We assisted management with training on QuickBooks to ensure funds remain in balance.

Other deficiency in internal control and other matter

During our audit, we became aware of another deficiency in internal control and other matter that is an opportunity to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiency in internal control was not considered important enough to merit the attention of Board of Trustees, it is considered of sufficient importance to merit management's attention and is included herein to provide a single, comprehensive communication for both those charged with governance and management.

Tracking of Vacation Time

During our audit, we noted the Assessor's office did not maintain timely vacation usage documentation and there was no documented review of the vacation usage. We also noted there were no written personnel policies, including a vacation policy. It is good business practice to maintain written personnel policies and procedures, and to track vacation earned and used. A well-written policy sets forth expectations for employees and describes what they can expect from the employer. It can also protect employers if any instances of conflict arise and when there are terminations.

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

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Champaign, Illinois
September 21, 2016