

Board of Village Trustees
Village of Ogden, Illinois
Ogden, Illinois

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Ogden, Illinois (the Village) 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 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 certain deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in the Village's internal control to be a material weakness:



MATERIAL WEAKNESS

Segregation of Duties

Currently, your Village Administrative Assistant/Clerk is responsible for water and sewer billings, as well as receiving and recording payments to the billing system and issuing customer credits. In order to reduce the risk associated with this lack of segregation of duties, we recommend the Village consider implementing some or all of the following:

- The Village should separate the water billing and cash receipts functions, if possible. For some of our other clients with water systems, a local bank has been contracted to accept the water receipts on behalf of the Village. A report is then provided to the Village for input into the billing software, as well as for recording the bank deposits.
- On a periodic basis (monthly or quarterly) a designated Village Trustee should review an outstanding receivables report for the water and sewer billings. The Trustee should look for large receivable balances and past due accounts, especially for accounts connected to employees of the Village. For any such accounts noted, the Trustee should discuss the collection status of the accounts with the Village's Administrative Assistance/Clerk and Water Operator to ensure the Village is taking all appropriate action to collect.
- Water and sewer credits should be approved by the Village Board prior to application to customer accounts. If that is not operationally practical, the Village Board should receive a monthly report generated from the water and sewer billing software showing non-cash payment credits applied to customer accounts fiscal year to date and for the past month.

OTHER ITEMS

The following items are not considered to be material weaknesses or significant deficiencies but should be considered by the Village's management and Board of Village Trustees.

Investment Policy

Illinois Public Act 90-0688 requires that every unit of government in Illinois have a written investment policy. The Village currently does not have a written investment policy of which we are aware. We recommend that the Village adopt a written investment policy, if one does not already exist. The Illinois Municipal League has a template of an investment policy on its website, which may be useful and efficient in preparing a policy for the Village. That policy can be accessed at <http://www.iml.org/file.cfm?key=1776>.

Sewer Rate Error

According to the Village's sewer ordinance, in the month of May 2018, the sewer usage should have been billed at \$0.58 per 133.7 cubic feet (100 gallons). However, per our testing of 23 sewer billings for that month, the Village billed on \$0.78 per 133.7 cubic feet. We noted no issues in any other month. We recommend that billings be spot checked before invoices are released to look for software processing errors. Additionally, we suggest that the Village prospectively provide credits to users that were overbilled as a result of this rate issue.

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

A handwritten signature in black ink that reads "Martin Hood" followed by a stylized monogram "ZLC".

Champaign, Illinois
July 17, 2019