



Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

January 2, 2020

To Management
of the Village of Bourbonnais
Bourbonnais, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais for the year ended April 30, 2019 and have issued our report thereon dated January 2, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered the Village of Bourbonnais' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 of Bourbonnais' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Bourbonnais' internal control over financial reporting.

During our audit, we noted a certain matter involving internal control and other operational matters that are presented for your consideration. The following is a description of the matter noted:

Uncollateralized Deposits

During our audit, we noted the Village had deposits in excess of FDIC insurance coverage with no additional collateral. As of April 30, 2019, uncollateralized deposits totaled \$724,213. The Village maintains various accounts with six different financial institutions. FDIC rules state, Governments receive \$250,000 of coverage for all time/savings deposits, \$250,000 of coverage for all demand deposits, and \$250,000 of coverage for each bondholder for accounts restricted by a bond indenture. The Village's General Fund checking account, a non-interest-bearing account not restricted by a bond indenture, had a balance of \$974,213 on April 30, 2019 of which \$250,000 was covered by FDIC insurance. The Village had not requested additional collateral from the financial institution to secure these funds.

We recommend the Village request collateral from all financial institutions holding Village deposits in excess of FDIC insurance coverage amounts.

Transfers Between Funds

During our audit, we noted that certain entries posted by the Village were recorded as transfers between funds even though these transactions did not technically meet the definition of a transfer. To be a transfer, a transaction that occurs between funds needs to meet certain criteria. That criteria includes having prior Board approval and having the intent to transfer the asset (cash, equipment, etc.) from one fund to another without the expectation of repayment in the future. If a transaction between funds does not meet these criteria, it must be recorded in due to/from accounts in each fund in order to properly record the amount receivable (due from) or the amount payable (due to) the other fund. All such transactions noted in Fiscal Year 2019 have been corrected by Village management.

We recommend the Village limit the use of transfer accounts to record transactions that meet the criteria noted above.

In addition, we identified a certain material weakness that has been reported to you in our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

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

Very truly yours,

Borschnack, Pelletier + Co.

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