

Village of Tinley Park, Illinois

Report to the Board of Trustees
December 10, 2015





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Members of the Board of Trustees
Village of Tinley Park
Tinley Park, Illinois 60477

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Attention: Board of Trustees

We are pleased to present this report related to our audit of the basic financial statements of the Village of Tinley Park, Illinois (the Village) for the year ended April 30, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Village's financial reporting process.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Village of Tinley Park, Illinois.

RSM US LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 14, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Village.</p> <p>During fiscal year 2015, the Village adopted Government Accounting Standards Board Statement No. 67, <i>Financial Reporting for Pension Plans</i>, which resulted in additional disclosures in the notes to the basic financial statements related to the police pension plan.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
Audit Adjustments	Audit adjustments proposed by us and recorded by the Village are included as part of the representation letter, which is attached in Exhibit A.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the representation letter attached in Exhibit A.

Area	Comments
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of a significant written communication between our firm and the management of the Village, the representation letter provided to us by management, is attached as Exhibit A.

**Village of Tinley Park, Illinois
 Summary of Significant Accounting Estimates
 Year Ended April 30, 2015**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Village's April 30, 2015, basic financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
<p>Total Pension Liability and Net Pension Liability – under GASB Statement No. 67</p>	<p>The total pension liability is the portion of the actuarial present value of projected benefit payments that are attributed to past periods of member service as calculated by an actuary. The net pension liability is the total pension liability less fiduciary net position of the pension plan.</p>	<p>The Village utilizes an actuary to measure the total pension liability using the entry age normal method. Certain assumptions are utilized to adjust the total pension liability to reflect the present value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.</p>	<p>We obtained a copy of the actuarial valuation for the police pension plan and the census data provided to the actuary; on a sample basis, we tested the census data to verify the accuracy and completeness. In addition, we reviewed the actuarial valuation to verify that the methods and assumptions used to estimate the total pension liability are in accordance with the Village's policy and conform to the requirements of the accounting standards. Based on the Actuarial Standard of Practice (ASOP) No. 35, the actuary should reflect the effect of mortality improvement both before and after the measurement date. During our review, it was noted that the mortality assumption did not include mortality improvements, which were found to be unsupported, and this resulted in an understatement of the total pension liability.</p>

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Total Pension Liability and Net Pension Liability – under GASB Statement No. 67 (Continued)			Other than the issue noted above, the methodology and assumptions utilized by the actuary and the financial statement disclosures appear reasonable.
Pension Obligation – Under GASB Statement No. 27	The annual pension cost is recorded based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 27.	The Village uses an actuary to calculate the liability using participant and census data provided by the Village.	We obtained a copy of the actuary report and the employee census data provided to the actuary; on a sample basis, we tested the census data to verify accuracy and completeness. Per review of the actuary's report, the assumptions and methodologies were consistent with the prior year. The methodology and assumptions utilized by the actuary and the financial statement disclosures appear reasonable.
Other Post-Employment Benefits (OPEB) Obligation	The annual OPEB cost is recorded based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.	Based on current economic conditions, management determines a discount rate and a rate of compensation increase. Management submits employee census data to the actuary with the underlying assumptions. Based on the information obtained from management, the actuary calculates the OPEB obligation.	We obtained a copy of the actuary report and the employee census data provided to the actuary; on a sample basis, we tested the census data to verify accuracy and completeness. The methodology and assumptions utilized by the actuary and the financial statement disclosures appear reasonable.
Accumulated Depreciation and Depreciation Expense	Depreciation is based on management's estimate of the useful life of an asset.	Useful life is determined based on the frequency of use, age when required, repairs and the environment that it	We tested a sample of additions to recalculate depreciation expense without exception. Useful lives appear

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
		will be used in.	proper based on testing.

Exhibit A—Significant Written Communication Between Management and Our Firm



Village President

David G. Seaman

Village Clerk

Patrick E. Rea

Village Trustees

Brian S. Maher

T.J. Grady

Michael J. Pannitto

Jacob C. Vandenberg

Brian H. Younker

Bernard E. Brady

Village Hall

16250 S. Oak Park Ave.

Tinley Park, IL 60477

Administration

(708) 444-5000

Fax: (708) 444-5099

Building & Planning

(708) 444-5100

Fax: (708) 444-5199

Public Works

(708) 444-5500

Police Department

7850 W. 183rd St.

Tinley Park, IL 60477

(708) 444-5300/Non-emergency

Fax: (708) 444-5399

John T. Dunn

Public Safety Building

17355 S. 68th Court

Tinley Park, IL 60477

Fire Department & Prevention

(708) 444-5200/Non-emergency

Fax: (708) 444-5299

EMA

(708) 444-5600

Fax: (708) 444-5699

Senior

Community Center

(708) 444-5150

www.tinleypark.org



December 10, 2015

RSM US LLP

One South Wacker Dr. Suite 800

Chicago, IL 60606

This representation letter is provided in connection with your audit of the basic financial statements of the Village of Tinley Park, Illinois (the Village) as of and for the year ended April 30, 2015, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 14, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with the component unit for which the Village is accountable, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have reviewed the financial statement presentation and disclosures related to the Village's adoption of Government Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, and have determined all is accurately presented.
9. We agree with the findings of specialists in evaluating the net pension liability and the OPEB obligation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instruction to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
10. We understand, as it relates to our Police pension fund actuarial valuation, that Actuarial Standards of Practice (ASOP) No. 35 states an actuary should reflect the effect of mortality improvement both before and after the measurement date, even if the actuary concludes that an assumption of zero future mortality improvement is reasonable. We also understand that the actuarial valuation we received used a zero future mortality improvement scale as an assumption, however, the rationale for that assumption could not be supported. We believe that the potential impact of this unsupported assumption on the disclosure of the Police Pension's net pension liability would be immaterial to the financial statements taken as a whole.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statement.
12. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
13. We have informed you of the uncorrected misstatement. This error was an understatement of fiscal year 2014 MFT revenue of \$253,278, resulting in an understatement of opening 2015 fund balance and overstatement of current year revenue. The net effect of this misstatement on the April 30, 2015 ending fund balance is zero. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Information Provided

14. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Village from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud, affecting the Village's financial statements involving:

- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements received in communications from employees, former employees, analysts, regulators, or others.
 19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
 20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
 21. We have disclosed to you the identity of the Village's related parties and all the related-party relationships and transactions of which we are aware.
 22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Village's ability to record, process, summarize, and report financial data.
 23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 24. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

25. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
26. With respect to the management discussion and analysis, pension and postemployment related information, and budgetary comparison information and related note presented as required by the Government Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. Except for the pension disclosures due to the implementation of GASB 67, the methods of measurement or presentation have not changed from those used in the prior period.
 - d. There were no significant assumptions or interpretations used regarding the measurement or presentation of such information that are not disclosed in the financial report.

27. With respect to compliance provisions on subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) applicable to the Village's tax increment financing (TIF) Districts:

- a. We acknowledge that we are responsible for understanding and complying with the compliance requirements.
- b. We acknowledge that we are responsible for establishing and maintaining controls that provide reasonable assurance that the Village administers its TIF programs in accordance with the compliance requirements.
- c. We have disclosed to you all TIF programs and related activities subject to the compliance audit requirements.
- d. We have made available to you all information and correspondence relevant to the TIF programs and related activities subject to the TIF audit requirements.
- e. We are not aware of any noncompliance with applicable TIF compliance requirements.
- f. We believe that the Village has complied with the applicable TIF compliance requirements.
- g. We have made available to you all documentation related to compliance with the applicable TIF compliance requirements.
- h. We are not aware of any interpretations of applicable TIF compliance requirements that are subject to varying interpretations.
- i. We have received no communications from the State or other entities concerning possible noncompliance with the applicable TIF compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. We have received no prior audit findings that directly related to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We are not aware of any noncompliance with the applicable TIF compliance requirements subsequent to the period covered by the auditor's report.

The Village of Tinley Park, Illinois



David Niemeyer,
Village Manager



Brad L. Bettenhausen,
Village Treasurer

Village of Tinley Park

Year End: April 30, 2015

Adjusting Journal Entries

Date: 5/1/2014 To 4/30/2015

Number	Name	Account No	Debit	Credit
AJE #01	WIRELESS E911 RCBL	11-00-000-13905	32,000.00	
	DEFERRED REVENUE	11-00-000-21700		32,000.00

To book the receivable/deferral for the 911 WETSA April distribution.

AJE #02	PHONE FRANCHISE RCBL	01-00-000-13902	20,461.00	
	USE TAX RECEIVABLE	01-00-000-14503	104,769.00	
	DEFERRED REVENUE	01-00-000-21700		20,461.00
	DEFERRED REVENUE	01-00-000-21700		104,769.00

To record receivables/deferrals on intergovernmental revenue received after 60 days of year-end