VILLAGE OF ANTIOCH, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2025

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October 15, 2025

The Honorable Mayor
Members of the Board of Trustees
Village of Antioch, Illinois

In planning and performing our audit of the financial statements of the Village of Antioch (the Village), Illinois, for the year ended April 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board and senior management of the Village of Antioch, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS

Comment

Recently, we have noted the increasing importance of information technology (IT) security for local governments. While we did not identify a specific security breach during our auditing procedures, we have noted increased risks to local governments in the following areas of IT security:

- Ransomware and Phishing Attacks – Increasingly targeted at local governments due to limited IT staffing and valuable public data.
- Multi-Factor Authentication (MFA) – This is now considered a minimum standard of protection for access to email, financial systems and remote logins.
- Vendor and Third-Party Risk – Cloud service providers, software vendors, and contractors may present risks if not adequately monitored.
- Data Backup and Recovery – Secure, tested backups are critical to minimize downtime and financial loss in the event of an incident.
- Staff Awareness and Training – Many breaches in local government occur due to human error; regular training and simulated testing can help reduce exposure.

Recommendation

We recommend that the Village continue to increase awareness around IT security issues by:

- Engaging in ongoing monitoring or cyber security trends affecting local governments.
- Incorporating regular staff training on phishing and other social engineering tactics.
- Periodically reviewing policies for password strength, MFA, and incident response.
- Ensuring vendor contracts address security standards and data protection.
- Testing data backup and recover plans on at least an annual basis.

By increasing awareness and preparedness, the Village can reduce the likelihood of a security incident, protect sensitive constituent and financial data, and help to ensure continuity of operations.

Management Response

Management acknowledges this comment and notes that the Village already engages in these practices around IT security awareness and monitoring. Management will continue to maintain and strengthen these efforts.

PRIOR RECOMMENDATIONS

1. **FUNDS OVER BUDGET**

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had excess of actual expenditures over budget for the fiscal year:

Fund		2024	2025
General	$	11,138	—
Corporate Center TIF		1,332	104,455
Motor Fuel Tax		80,987	1,788
East Business District		529,177	—
Central Business District		348,334	—
2022 Bond Projects		2,366	166,852
Waterworks and Sewerage		136,551	—
Police Pension		—	68,807
SSA #15		—	2,362

Recommendation

We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges expenditures may not legally exceed the appropriation ordinance at the fund level. Although the funds above exceeded the "working budget" totals, these funds did not exceed the appropriation ordinance. The Village does not operate under the Alternative Budget Act, and no budgetary amendments were required. On May 14, 2025 the Village Board did approve an Amended Appropriation Ordinance 25-05-16 for fiscal year May 1, 2024 to April 30, 2025. The Finance Director did investigate and report the overages to the Village Board at that time. It was determined the Village had sufficient funds to cover the overages.

2. **DEFICIT FUND BALANCE**

Comment

Previously, we noted the following fund with deficit fund balance:

Fund		Deficit
Capital Projects	$	2,403,008

Recommendation

We recommended the Village investigate the cause of the deficit and adopt appropriate future funding measures.

Status

This comment has been implemented and will not be repeated in the future.

UPCOMING STANDARDS

1. GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Village's financial statements for the year ended April 30, 2026.

2. GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Village's financial statements for the year ended April 30, 2027.