

VILLAGE OF GLENCOE, ILLINOIS  

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MANAGEMENT LETTER

DRAFT

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2025

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Glencoe, IL 60022  
Phone: 847.835.4111  
[www.villageofglencoe.org](http://www.villageofglencoe.org)



DATE

The Honorable Village President  
Members of the Board of Trustees  
Village of Glencoe, Illinois

In planning and performing our audit of the financial statements of the Village of Glencoe (the Village), Illinois, for the year ended December 31, 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 Finance Committee, Board of Trustees, management, and others within the Village of Glencoe, 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

## 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 of 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 recovery 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

In February 2026, the Village officially onboarded its first-ever Information Technology Director, bringing a mix of public and nonprofit experience spanning operations to C-suite level advisory. The IT Director's key areas of focus are cybersecurity, infrastructure, and end-user trust building.

## CURRENT RECOMMENDATION - Continued

### 1. IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS - Continued

#### Management Response - Continued

The IT Department currently monitors cybersecurity trends and threats through a variety of methods, guided by the NIST Cybersecurity Framework (CSF) 2.0 and Center for Internet Security (CIS) Critical Security Controls as foundational security frameworks:

- CrowdStrike Falcon endpoint protection is deployed across all Village assets.
- The IT Department is a member of the Multi-State Information Sharing and Analysis Center (MS-ISAC), which provides cyber threat intelligence, and the Government Management Information Sciences Users' Group (GMIS), a professional organization for local government IT professionals.
- The IT Department applies CIS industry-standard benchmark configurations where applicable.
- The Village is enrolled in the Cybersecurity and Infrastructure Security Agency's (CISA) Cyber Hygiene services and receives regular vulnerability scan reports.
- Authenticator-based multi-factor authentication is enabled for all Village accounts.
- All Village staff receive annual cybersecurity awareness training, as well as ongoing simulated phishing tests with targeted follow-up education for those who do not pass.
- Data is backed up both on- and off-premises, with the Village's service providers conducting annual recovery tests.
- The Village contracts with both a Managed Service Provider (MSP) and a Virtual Chief Information Security Officer (vCISO) to supplement the internal IT team and provide additional support for vendor and solution vetting.
- The Village acknowledges the importance of integrated cybersecurity efforts throughout our operation and are actively taking steps to mitigate our risk.

**PRIOR RECOMMENDATIONS**

1. **FUND OVER BUDGET**

Comment

Previously, we noted the following fund with an excess of actual expenditures over budget for the fiscal years:

<u>Fund</u>	<u>2024</u>	<u>2025</u>
Washington Place Special Service Area	\$ 4,102	—

Recommendation

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

Status

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

2. **DEFICIT NET POSITION**

Comment

Previously, we noted the following fund with deficit net position:

<u>Fund</u>	<u>2024</u>	<u>2025</u>
Washington Place Special Service Area	\$ 396	—

Recommendation

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

Status

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

**PRIOR RECOMMENDATIONS - Continued**

3. **COLLATERALIZATION OF DEPOSITS**

Comment

Previously, the bank balances were \$15,608,054, of which only \$15,397,466 were insured or collateralized. There was a balance of \$210,588 which was not insured or collateralized.

Recommendation

Consideration should be given to having all bank deposits insured or collateralized.

Status

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

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## UPCOMING STANDARDS

### 1. **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 December 31, 2026.

### 2. **GASB STATEMENT NO. 104 DISCLOSURE OF CERTAIN CAPITAL ASSETS**

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*, which provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for (1) Certain types of capital assets to be disclosed separately in the capital assets note disclosures, and (2) Capital assets held for sale, including additional disclosures for those capital assets. GASB Statement No. 104, *Disclosure of Certain Capital Assets* is applicable to the Village's financial statements for the year ended December 31, 2026.