

**VILLAGE OF BARTLETT, ILLINOIS**

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**MANAGEMENT LETTER**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2018**



August 22, 2018

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

In planning and performing our audit of the financial statements of the Village of Bartlett (Village), Illinois, for the year ended April 30, 2018, 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 Bartlett, 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. FUNDS OVER BUDGET**

#### Comment

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

<u>Fund</u>	<u>Excess</u>
Debt Service	\$ 62,980
Municipal Building	950,486

#### Recommendation

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

#### Management Response

The Debt Service Fund was over budget due to the one-time costs associated with the refunding of the 2007 GO Bonds. These costs were paid from the refunding bond proceeds. The refunding resulted in an economic gain of \$258,968.

The Municipal Building Fund was over budget due to the retainage payable amount related to the construction of the new Police Station. These funds are available from the 2016 GO Bond proceeds and will not be paid until the project is completed during the next fiscal year. The project's total approved budget over two years is \$20,000,000 and is expected to be completed under budget.

## PRIOR RECOMMENDATIONS

1. **GASB STATEMENT NO. 74 FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS AND GASB STATEMENT NO. 75 ACCOUNTING AND FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### Comment

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, *Financial Reporting for Post-Employment Benefits Plans Other Than Pension Plans*, which applies to individual postemployment benefit plans, and Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which applies to the state and local government employers that sponsor the plans. The Statements apply to the reporting of other post-employment benefits, including medical, dental, life, vision and other insurance coverages provided by the employer post-employment. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the other post-employment benefit plans, and specifically identify the methods and assumptions that are to be used in calculating and disclosing these OPEB accounts in the financial statements. The Statements also provide for additional note disclosures and required supplementary information and are intended to improve information provided by state and local government employers regarding financial support to their OPEB plans. GASB Statement No. 75 applies to the employer's reporting of other post-employment benefit plans and is applicable to the Village's financial statements for the year ended April 30, 2019.

### Recommendation

We recommended that the Village reach out to the private pension actuary engaged to provide the OPEB actuarial calculations in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the Village to assist in the implementation process, including assistance in determining the implementation timeline with the Village and private actuary, providing all framework for the financial statements in order to complete the implementation, and assist in answering any questions or concerns the Village might have related to the implementation process or requirements.

### Status

This comment has not been implemented and will be implemented for the year ended April 30, 2019, when required.

**PRIOR RECOMMENDATIONS – Continued**

2. **FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY**

Comment

Previously, we noted the following funds with fund balances that were not in compliance with the Board approved fund balance policy:

	<u>Per FY 2017 Budget</u>	<u>FY 2017 Unrestricted Fund Balance per CAFR</u>	<u>Amount Not In Compliance</u>
<b>Debt Service</b>			
Minimum			
June P&I Payments	\$ 772,568	746,025	26,543
<b>Sewer Fund</b>			
Minimum			
Operating Expenses	7,889,165		
X's 25% per policy	<u>25%</u>		
	1,972,291	292,407	1,679,884
<b>Golf Fund</b>			
Minimum			
Operating Expenses	2,564,074		
X's 10% per policy	<u>10%</u>		
	256,407	(1,958,310)	2,214,717

Recommendation

We recommended the Village investigate the fund balances and adopt future budgets to address these items not in compliance.

Status

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