VILLAGE OF BARTLETT, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2022

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October 24, 2022

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 (the Village), Illinois, for the year ended April 30, 2022, 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, Executive Director and senior management of 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

PRIOR RECOMMENDATIONS

1. **<u>GASB STATEMENT NO. 87 LEASES</u>**

Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the Village's financial statements for the year ended April 30, 2023.

Recommendation

Lauterbach & Amen, LLP will work directly with the Village to review the new lease criteria in conjunction with the Village's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Status

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

Management's Response

Management acknowledges the comment and will work with Lauterbach & Amen, LLP to implement when required.

PRIOR RECOMMENDATIONS - Continued

2. **FUNDS OVER BUDGET**

Comment

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

Fund		4/30/22	4/30/21
Brewster Creek Project TIF	$	—	2,391,953
Debt Service		215,653	195,860
Capital Projects - Bluff City		156,655	—

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

The Village Board approved the refunding of the 2016 GO bonds during the year for a present value savings of $685,087. Bond issuance costs of $217,856 included in the new bonds were the reason for the Debt Service Fund being over budget. Overall, the Debt Service fund balance increased by $36,955 for the year. The Bluff City Project TIF expenditures were over budget by $156,655 due to the village paying $247,455 more interest on the 2009 developer note than had been budgeted. The amount of developer note interest that is paid is tied directly to how much property tax the TIF receives during the fiscal year. In FY 22 the Bluff City Project TIF received $817,454 of Kane County property taxes which was $247,454 more than had been anticipated. Overall, the Bluff City Project TIF fund balance increased slightly by $43 to $7,991.

PRIOR RECOMMENDATIONS - Continued

3. **<u>FUNDS WITH DEFICIT NET POSITION</u>**

Comment

Previously and during our current year-end audit procedures, we noted the following funds with deficit net position.

Fund	4/30/2022	4/30/2021
Golf	579,143	521,462
Parking	137,968	58,883

Recommendation

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

Status

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

Management Response

The Golf Fund net position continued to decrease in FY 22 albeit at a much slower pace than recent years. The Golf Fund net position decreased by $57,681 in FY 22 compared to decreases of $544,933 in FY 20 and $242,119 in FY 21. These numbers combined with the fact that the Golf Fund had a positive “net cash provided by operating activities” of $66,434 seems to show that the Golf Fund is slowly recovering from the pandemic. Staff is encouraged by the fact that the number of golfing rounds continues to go up and that this seems to be a positive post-pandemic trend that will continue into the foreseeable future. Staff is also optimistic that banquet bookings will continue to increase the further we get from the pandemic driven restrictions the golf course faced these last few years. The Parking Fund is another enterprise fund that was hit hard by the pandemic as it continues to try and climb its way out of the hole. Parking revenue continues to be down over 80% from pre-pandemic times as the number of daily commuters has remained significantly low. Staff will continue to monitor and analyze the data going forward to see if parking rate adjustments and/or reducing expenditures need to be made to the Parking Fund.