

**BROADVIEW PUBLIC LIBRARY
DISTRICT, ILLINOIS**

MANAGEMENT LETTER

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



November 8, 2018

Members of the Board of Trustees
Broadview Public Library District
Broadview, Illinois

In planning and performing our audit of the financial statements of the Broadview Public Library District, Illinois, for the year ended June 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 Board of Trustees, management, and others within the Broadview Public Library District, 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 Library 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 Library staff.

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

During our current year-end audit procedures, we noted the following fund with fund balances that were not in compliance with the Board approved fund balance policy:

	<u>2018 Budget</u>	<u>Fund Balance per Audit</u>	<u>Amount Not In Compliance</u>
Building Maintenance Fund			
Operating Expenditures	90,800		
Greater of 1/3 Projected or \$25,000	x 33%		
	<u>30,267</u>	12,840	(17,427)

Recommendation

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

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 Library's financial statements for the year ended June 30, 2018.

Recommendation

We recommended that the Library 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 Library to assist in the implementation process, including assistance in determining the implementation timeline with the Library 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 Library might have related to the implementation process or requirements.

Status

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

PRIOR RECOMMENDATIONS – Continued

2. CAPITAL ASSETS – HISTORICAL RECORDS

Comment

Previously and during our current year-end audit procedures, we noted the Library does not maintain historical records of capital assets. This information is valuable from an internal control standpoint to ensure that all of the assets of the Library are properly inventoried.

Recommendation

We recommended that the Library have a listing that shows all capitalizable items for the Library. Also, the detail should tie to budgeted amounts and be charged to capital outlay accounts, which are reconciled each year to the total additions to capital assets.

Status

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

3. CAPITAL ASSET POLICY – POLICY AND ASSET APPRAISAL NEEDED

Comment

Previously and during our current year-end audit procedures, we noted the Library does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets.

Recommendation

We recommended that the Library adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommend the Library undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy.

Status

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

PRIOR RECOMMENDATIONS – Continued

4. LIABILITY INSURANCE FUND

Comment

Previously and during our current year-end audit procedures, we noted the Library has a separate special revenue fund for Liability Insurance. Currently, the property taxes and related expenditures for liability insurance are recorded in the General Fund and the special revenue fund reported no current year activity.

Recommendation

We recommended closing the Liability Insurance Fund to the General Fund and report any accumulated unspent property taxes related to liability insurance as restricted at year-end.

Status

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

5. FUND WITH DEFICIT FUND BALANCE

Comment

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

Fund	Deficit
IMRF/FICA	\$ 55,437

Recommendation

We recommended the Library investigate the causes of the various deficits and adopt appropriate future funding measures.

Status

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

PRIOR RECOMMENDATIONS – Continued

6. 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 over budget for the fiscal year:

Fund	June 30, 2017	June 30, 2018
Capital Projects	\$ 194,037	-
Building Maintenance	26,863	-
Debt Service	-	349
IMRF/FICA	-	32,259

Recommendation

We recommended the Library 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.