

**BROADVIEW PUBLIC LIBRARY DISTRICT, ILLINOIS**  

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**MANAGEMENT LETTER**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**



January 10, 2022

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 (the Library), Illinois, for the year ended June 30, 2021, 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 and senior management of 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. GASB STATEMENT NO. 87 LEASES

#### 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 Library's financial statements for the year ended June 30, 2022.

#### Recommendation

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

#### Management Response

Management acknowledges this comment and will work with Lauterbach and Amen, LLP to implement by June 30, 2022, as required by GASB.

### 2. FUND WITH DEFICIT FUND BALANCE

#### Comment

During our current year-end audit procedures, we noted the following fund with deficit fund balance:

Fund	Deficit
Capital Projects	\$ 344,186

#### Recommendation

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

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## **CURRENT RECOMMENDATIONS - Continued**

### **3. PERSONNEL FILE ORGANIZATION**

#### Comment

During our current year-end audit procedures, we noted that several employee personnel files were not consistent and missing pertinent information which needs to be kept on file for each Library employee.

#### Recommendation

We recommended that the Library implement procedures to ensure that each employee's personnel file is organized and includes all necessary information. Typically personnel files would contain a signed application of employment, state and federal withholding forms, additional withholding verification forms, a completed I-9 form, if applicable, wage verification and performance reviews, and other personnel related information.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## **PRIOR RECOMMENDATIONS**

### **1. OUTSTANDING CHECK WRITE OFF POLICY**

#### Comment

Previously and during our current year-end audit procedures, we noted that the Library does not have a formal policy for following up on and processing old outstanding checks, which has resulted in several old outstanding checks being included in the bank reconciliations.

#### Recommendation

We recommended the Library develop and implement an outstanding check policy that includes procedures to follow-up on, and subsequently, how to process the outstanding checks. This policy should be in written form and should set specific instructions for these procedures, including steps to be in compliance with State unclaimed property statutes. State unclaimed property statutes note that all checks that are greater than three years old are to be sent to the State of Illinois Treasurer along with the required forms.

#### Status

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

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### **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 compile 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 capitalized additions. To accomplish this, we recommended the Library undertake a complete inventory and valuation of capital assets.

#### Status

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

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## PRIOR RECOMMENDATIONS - Continued

### 3. COMMINGLED CASH

#### Comment

Previously and during our current year-end audit procedures, we noted that the Library's commingled cash allocations between various funds resulted in significant positive and negative cash balances. As of June 30, 2020 and June 30, 2021, the Commingled Account had a book balance of \$1,284,247 and \$1,886,778, respectively. This was allocated to the funds as follows:

<u>Fund</u>	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2021</u>
General	\$ 1,810,000	2,121,142
Audit	9,200	8,953
IMRF	70,046	83,504
Liability Insurance	91,961	89,595
Unemployment	102,124	104,656
FICA	15,934	23,238
Debt Service	41,581	41,489
Capital Project	(856,599)	(585,799)
Total	<u>1,284,247</u>	<u>1,886,778</u>

There are many advantages to cash commingling, such as increasing the funds available for investment opportunities. However, the allocation process should represent accurately each funds' percentage ownership of the cash balance.

#### Recommendation

We recommended the Library review the process for allocation of the commingled cash balances and adjust the balances as appropriate.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## PRIOR RECOMMENDATIONS - Continued

### 4. 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, 2020	June 30, 2021
Debt Service	\$ —	399
Capital Projects	1,774,898	—
Liability Insurance	—	1,765

#### 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.

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.