

**BROADVIEW PUBLIC LIBRARY  
DISTRICT, ILLINOIS**

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**MANAGEMENT LETTER**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**



November 12, 2020

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, 2020, 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. OUTSTANDING CHECK WRITE OFF POLICY**

#### Comment

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 recommend 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.

#### Management Response

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

## CURRENT RECOMMENDATIONS – Continued

### 2. COMMINGLED CASH

#### Comment

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. For example, as of June 30, 2020, the Commingled Account had a book balance of \$970,390. This was allocated to the funds as follows:

<u>Fund</u>	<u>Balance June 30, 2020</u>
General	\$ 1,810,000
Audit	9,200
IMRF	70,046
Liability Insurance	91,961
Unemployment Compensation	102,124
FICA	15,934
Debt Service	41,581
Capital Project	<u>(856,599)</u>
Total	<u><u>1,284,247</u></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 recommend 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

### 1. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

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

	2019 Budget	Fund Balance per Audit	Amount Not In Compliance
<b>Building Maintenance Fund</b>			
Operating Expenditures	\$ 58,500		
Greater of 1/3 Projected or \$25,000	x 33%		
	25,000	14,278	(10,722)

Recommendation

We recommended the Library 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.

### 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.

## PRIOR RECOMMENDATIONS – Continued

### 2. CAPITAL ASSETS – HISTORICAL RECORDS – Continued

#### 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.

### 3. 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, 2019	June 30, 2020
Debt Service	\$ 395	-
Capital Projects	-	1,774,898
Unemployment Compensation	1,912	-

#### 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.