

VILLAGE OF LAKE BARRINGTON,  
ILLINOIS

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MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2016



July 27, 2016

The Honorable Village President  
Members of the Board of Trustees  
Village of Lake Barrington, Illinois

In planning and performing our audit of the financial statements of the Village of Lake Barrington (Village), Illinois, for the year ended April 30, 2016, 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 Lake Barrington, 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 RECOMMENDATIONS**

### 1. **COMPENSATED ABSENCES**

#### Comment

During our current year-end audit procedures, we noted that the tracking of employee accrued vacation and accrued sick time (compensated absences) is decentralized from the payroll process and manually maintained. We also noted areas where the Village could strengthen internal controls related to compensated absences.

#### Recommendation

We recommend the Village consider centralizing the tracking of compensated absences with the payroll processing function and also consider utilizing the Village's payroll software in lieu of manually tracking hours through the current excel spreadsheet. Further, the balances of employee compensated absences should be periodically reviewed and approved by someone other than the person processing payroll and tracking hours.

### 2. **FUNDS OVER BUDGET**

#### Comment

During our current year-end audit procedures, we noted that the following fund had an excess of actual expenditures over budget for the fiscal year. Although this fund is over budget it was anticipated during the year and the Village Board acknowledged the use of existing reserves to fund the overage.

<u>Fund</u>	<u>Excess</u>
General	\$ 54,651

#### Recommendation

We recommend the Village investigate the causes of the fund over budget and consider if the overage requires any adjustments or considerations in the next year's budget.

## PRIOR RECOMMENDATIONS

1. **GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Comment

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF) for the Village. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of the IMRF for the year ended April 30, 2015. GASB Statement No. 68 is applicable to the Village's financial statements for the year ended April 30, 2016.

Recommendation

IMRF will automatically be providing the necessary information to all member agencies; we recommend the Village review the information provided by IMRF. 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, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the Village might have related to the implementation process or requirements.

Status

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