



Village of Bloomingdale

Finance Department

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MEMORANDUM

Date: November 10, 2021

To: Pietro Scalera, Village Administrator

From: Gary L. Szott, Finance Director/Treasurer *GS*

Subject: Fiscal Year 2020/21 Management Letter

Issue: The recently completed FY21 audit, that was conducted by Lauterbach & Amen, LLP, was a financial statement audit that was performed for the purpose of expressing an opinion on the financial statements. It was not necessarily performed to provide an opinion on the Village's internal control structure and procedures. However, during the course of the audit, areas to consider for improvement were identified. These areas are contained in the attached Management Letter.

Analysis: The Management Letter is intended for the sole information and use of the Village's management and staff, as well as the Village's elected officials, to assist in maintaining a reliable control structure and environment. Doing so provides greater, but not absolute, assurance of compliance with rules, laws, and regulations, as well as protection from loss, theft or misuse of Village assets.

The Management Letter contains recommendations for management to consider to assist in affecting improvements to the control environment. It is the responsibility of the management to affect solutions.

Recommendation: It is respectfully requested the Management Letter be distributed to the elected officials, applicable Boards and Commissions, as well as other applicable management and staff.

Attachment

VILLAGE OF BLOOMINGDALE,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2021



October 25, 2021

The Honorable Village President
Members of the Board of Trustees
Village of Bloomingdale, Illinois

In planning and performing our audit of the financial statements of the Village of Bloomingdale (Village), Illinois, for the year ended April 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, management, and others within the Village of Bloomingdale, 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. 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 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.

Management Response

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

2. OUTSTANDING CHECKS

Comment

During our current year-end audit procedures, we noted that the Village has several old outstanding checks included on the bank reconciliations. Upon further investigation, it was determined that these checks related to performance bonds that have been left outstanding past the deadline for remittance to the State as unclaimed property.

Recommendation

We recommend that the Village seek advice from the Village's attorney to determine if and how they should be remitted to the State as unclaimed property.

Management Response

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

CURRENT RECOMMENDATIONS – Continued

3. POLICE PENSION FUND INVESTMENT PORTFOLIO

Comment

During our current year-end audit procedures, we noted that the Police Pension Fund's investment portfolio contained approximately 75% of its investments in equities. For a fund of that size, current State statute limits the amount of investments in equities to no more than 65%.

Recommendation

We recommend the Village/Pension Fund review its portfolio and make necessary adjustments to ensure compliance with State statute.

Management Response

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