

VILLAGE OF ANTIOCH, ILLINOIS

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2019**



October 14, 2019

The Honorable Village Mayor
Members of the Board of Trustees
Village of Antioch, Illinois

In planning and performing our audit of the financial statements of the Village of Antioch (Village), Illinois, for the year ended April 30, 2019, 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 Antioch, 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

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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 Village's financial statements for the year ended April 30, 2019.

Recommendation

We recommended that the Village 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 Village to assist in the implementation process, including assistance in determining the implementation timeline with the Village 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 Village 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. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted funds with an excess of actual expenditures over budget for the fiscal year. Funds over budget for April 30, 2018 and April 30, 2019 are as follows:

<u>Fund</u>	<u>4/30/18</u>	<u>4/30/19</u>
General	\$ 20,439	-
Infrastructure Projects	481	-
Tax Increment Financing	3,690,349	-
Drug Seizure	200	19,000
Waterworks and Sewerage	317,284	54,421

Recommendation

We recommended the Village review the over budget funds to determine appropriate future budgeting and the potential need to make supplemental budget amendments for unforeseen transactions.

Status

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

Management Response

The Funds were over budget due to the following:

- The Drug Seizure Fund experienced an unplanned purchase of security cameras.
- The Waterworks and Sewerage Fund unanticipated operating expenses.

PRIOR RECOMMENDATIONS – Continued

3. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our current year-end audit procedures, we noted the following funds with deficit fund balance:

Fund	4/30/18	4/30/19
Capital Projects	\$ -	(1,258)
Route 83 Redevelopment Tax Increment Financing	(73,255)	(142,835)
Business District	-	(3,144)

Recommendation

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

Management Response

The Funds had a deficit due to the following:

- Capital Projects Fund had additional Hillside Bike path expenditures.
- Route 83 redevelopment TIF was designated in January 2018 and has not yet generated an increment.
- Antioch Business District was designated in March 2019 and has not yet generated taxes.