

VILLAGE OF ANTIOCH, ILLINOIS

MANAGEMENT LETTER

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



November 17, 2021

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, 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 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

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

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 current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Management's Response

Management acknowledges this comment and will work to implement it by April 30, 2023, as required by GASB.

PRIOR RECOMMENDATIONS

1. **ESCROW DEPOSITS**

Comment

Previously and during our current year-end audit procedures, we noted that the Village does not reconcile escrow deposits to the general ledger on a monthly basis.

Recommendation

We recommend that the Village reconcile the escrow deposits on a monthly basis.

Management Response

The Village has implemented continuously reconciling the escrow accounts.; however, we acknowledge this comment and will work to correct it in the coming year.

2. **FUNDS OVER BUDGET**

Comment

Previously and during our current year-end audit procedures, we noted the funds with an excess of actual expenditures/expenses over budget for the fiscal year:

| Fund | 4/30/21 | 4/30/20 |
|-------------------------|------------|---------|
| Tax Increment Financing | \$ 317,238 | 9,384 |
| Capital Projects | 919,265 | 387,568 |
| Drug Seizure | 8,254 | 13,946 |
| Police Pension | 9,478 | - |

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

Funds over budget are related to unanticipated 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 | 4/30/21 | 4/30/20 |
|--|-------------|-----------|
| Route 83 Redevelopment Tax Increment Financing | \$ (49,711) | (144,706) |
| Central Business District | - | (55,200) |
| Capital Projects | (29,476) | - |

Recommendation

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

Management Response

At the time of this audit, the Route 83 Redevelopment Tax Increment Financing District did not generate sufficient revenues to cover the expenses required to establish the TIF redevelopment area.