

VILLAGE OF LIBERTYVILLE

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2020



July 15, 2020

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

In planning and performing our audit of the financial statements of the Village of Libertyville (Village), Illinois, for the year ended April 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 Village of Libertyville, 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. FUND 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:

Fund	April 30, 2020
Technology Equipment and Replacement Service	\$ 45,666

Recommendation

We recommend the Village investigate the causes of the fund over budget and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and will work to correct it in the coming year. This fund had an excess of actual expenditures over budget for the current fiscal year for the following reason: Information technology operations accounted for in this fund have gone through several iterations of being budgeted in a standalone fund and subsequently consolidated in the General Fund. This is due to changes in management personnel and budget philosophy over the past several years. In FY 2019-2020, the information technology operation of the Village was once again budgeted in a standalone fund based on management's preference. Because of the shifting of these resources back and forth between funds, the ability to conduct accurate forecasting of expenditures using historical information is challenging. A potential FY 2019-2020 overbudget situation in this fund was discussed with the Village Board during the FY 2020-2021 budget review meetings in February and March of 2020. Staff applied modified budgeting techniques when preparing the FY 2020-2021 budget for this fund which should help guard against future overbudget situations.

PRIOR RECOMMENDATION

1. **FUND NOT IN COMPLIANCE WITH FUND BALANCE POLICY**

Comment

Previously and during our current year-end audit procedures, we noted the following funds with fund balances that were not in compliance with the Board approved fund balance policy:

	Per 2019 Budget	Fund Balance per CAFR	Amount Not In Compliance
Commuter Parking Fund			
Minimum Calculation			
Operating Expenditures	\$ 1,601,680		
X's 3/12 per Policy	25%		
	400,420	372,647	27,773
	Per 2020 Budget	Fund Balance per CAFR	Amount Not In Compliance
Libertyville Sports Complex Fund			
Minimum Calculation			
Operating Expenditures	\$ 2,073,542		
X's 3/12 per Policy	25%		
	518,386	(946,275)	1,464,661

Recommendation

We recommend the Village investigate the fund balance and adopt a future budget to address this item not in compliance.

Status

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

Management Response

The Libertyville Sports Complex Fund requires an annual subsidy from the General Fund to support operations and debt service. Additionally, a long-standing structural deficit within the fund has resulted in a negative fund balance that is outside of the Village’s fund balance policy. If the pending sale of a portion of the Sports Complex property materializes, management believes that the fund balance could be brought into compliance over a period of several years.