VILLAGE OF GLENCOE, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2017
June 6, 2017

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

In planning and performing our audit of the financial statements of the Village of Glencoe (Village), Illinois, for the year ended February 28, 2017, 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 Glencoe, 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. 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 February 28, 2019.

Recommendation

We recommend 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.

Management Response

The Village will work with Lauterbach & Amen, LLP and private actuary in order to complete the implementation of this accounting standard as required and when required.
PRIOR RECOMMENDATIONS

1. FUNDS OVER BUDGET

Comment

Previously, we noted that the following funds have an excess of actual expenditures over budget for the fiscal year:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$17,546</td>
</tr>
<tr>
<td>Police Pension</td>
<td>20,584</td>
</tr>
</tbody>
</table>

During the current year audit, we noted that the following funds have an excess of actual expenditures over budget for the fiscal year:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$14,690</td>
</tr>
<tr>
<td>Police Pension</td>
<td>115,286</td>
</tr>
</tbody>
</table>

Recommendation

Although the Village did not have expenditures in excess of the Village’s appropriation, the above funds had expenditures in excess of the Village’s budget. We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding budgeting measures accordingly.

Status

This matter will be the subject of a Village Board budget policy discussion during Fiscal Year 2018. As this comment has not yet been fully implemented, we repeat this comment.

Managements Response

The General Obligation Bonds (Debt Service Fund) is slightly over budget due to the principal payment for the Series 2009 Bonds being greater than budgeted, offset by the interest on the Series 2009 Bonds being less than budgeted.

The Police Pension Fund is over budget due primarily to pension annuities being greater than budgeted due to unanticipated retirements.