

**PLAINFIELD PUBLIC LIBRARY
DISTRICT, ILLINOIS**

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**



October 10, 2018

Members of the Board of Trustees
Plainfield Public Library District
Plainfield, Illinois

In planning and performing our audit of the financial statements of the Plainfield Public Library District (Library), Illinois, for the year ended June 30, 2018, 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 fieldwork progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Trustees, management, and others within the Plainfield Public Library District, 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 Library 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 staff for the well-prepared audit package and we appreciate the courtesy and assistance given to us by the entire Library staff.

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. FUND BALANCE POLICY

Comment

A fund balance policy establishes a minimum level at which the projected end-of-year fund balance/net assets should be maintained, taking into account the constraints imposed upon the resources reported by the governmental and proprietary funds. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the Library will be able to respond to emergencies with fiscal strength.

It is essential to maintain adequate levels of fund balances/net position to mitigate current and future risks and to ensure tax rates. Fund balance/net position levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net position and unassigned fund balance in the General Fund to evaluate the Library's continued creditworthiness.

Recommendation

We recommended the Library create a fund balance policy in compliance with GASB Statement No. 54. The Library should address fund balance reporting categories (nonspendable, restricted, committed, assigned, and unassigned) as well as review minimum fund balance policies.

Status

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

2. CAPITAL ASSETS

Comment

Previously, we noted the Library does not maintain historical records of capital assets and was not able to provide us with a detail listing of additions and deletions, as well as the calculations used for depreciation during our fieldwork. This information is valuable from an internal control standpoint to assist the Library to inventory, record and depreciate all their assets properly.

PRIOR RECOMMENDATIONS – Continued

2. CAPITAL ASSETS – Continued

Recommendation

We recommended that the Library undertake a complete inventory and an appraisal valuation of capital assets to create a detail capital assets record that shows all capitalizable items for the Library. Also, the detail should tie to budgeted amounts and be charged to capital outlay accounts, which are reconciled each year to the total additions to capital assets. We recommended the Library keep more contemporaneous capital asset records by reviewing monthly disbursements for additions and tracking disposals throughout the year.

Status

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

3. FUNDS OVER BUDGET

Comment

Previously and during our current year audit procedures we noted that the following fund had an excess of actual expenditures over budget for the fiscal year:

<u>Fund</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Site, Building and Equipment	\$ 3,913	-
Audit	-	650

Recommendation

We recommended the Library investigate the causes of the fund over budget and adopt appropriate future funding measures.

Status

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

PRIOR RECOMMENDATIONS – Continued

4. **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 Library's financial statements for the year ended June 30, 2018.

Recommendation

We recommended that the Library 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 Library to assist in the implementation process, including assistance in determining the implementation timeline with the Library 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 Library might have related to the implementation process or requirements.

Status

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