

VILLAGE OF NORTH  
BARRINGTON, ILLINOIS

---

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2024

111 Old Barrington Road  
North Barrington, Illinois 60010  
Phone: 847.381.6000  
[www.northbarrington.org](http://www.northbarrington.org)



March 25, 2025

The Honorable Village President  
Members of the Board of Trustees  
Village of North Barrington, Illinois

In planning and performing our audit of the financial statements of the Village of North Barrington (the Village), Illinois, for the fiscal year ended April 30, 2024, 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 Village of North Barrington, 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 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 process, we noted the following fund had an excess expenditure over budget for the fiscal year:

Fund	Excess
Motor Fuel Tax	\$ 88

Recommendation

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

Management Response

The over budget is related to bank fees being charged, but unbudgeted. The Village changed its process in the fall of 2024 to avoid incurring bank fees.

## **PRIOR RECOMMENDATIONS**

### **1. FUND BALANCE POLICY**

#### Comment

Previously and during our current year-end audit procedures, we noted that the Village does not have a formal fund balance policy. A fund balance policy establishes a minimum level at which the projected end-of-year fund balance should be maintained, taking into account the constraints imposed upon the resources reported by the governmental funds. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the Village will be able to respond to emergencies with fiscal strength.

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

#### Recommendation

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

#### Status

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

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

### **2. POLICY AND PROCEDURE MANUAL**

#### Comment

Previously and during our current year-end audit procedures, the Village does not have a policy and procedure manual. Written procedures, instructions and assignments of duties will prevent or reduce misunderstanding, error; inefficient or wasted effort duplicated or omitted procedures and other situations that can result in inaccurate or untimely accounting records. A policy and procedure manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions that management currently performs.

A policy and procedure manual will require a substantial investment of time and effort for management to develop. However, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures, for the purpose of developing the manual, management may discover procedures that can be eliminated or improved to make the system more efficient and effective.

## **PRIOR RECOMMENDATIONS – Continued**

### **2. POLICY AND PROCEDURE MANUAL – Continued**

#### Recommendation

A sample of areas that should be covered as the accounting portion of the procedure manual is as follows:

- Job descriptions
- Flow charts and descriptions of the accounting cycles, such as:
  - Cash receipts process – collections, deposits, bank reconciliations, etc.
  - Cash disbursements and accounts payable process – approvals, coding, purchasing, check preparation, invoice cancellation, general ledger posting, etc.
  - Payroll process – hiring, employee files, time cards, distribution, etc.
- Description of standard entries and allocations
- Description of other specific accounting areas of unusual nature

#### Status

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

#### Management Response

Management acknowledges this comment and will work to correct it in the coming year.

## UPCOMING STANDARDS

### 1. **GASB STATEMENT NO. 100 ACCOUNTING CHANGES AND ERROR CORRECTIONS**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections*, which establishes accounting and financial reporting requirements for (a) accounting changes, and (b) the correction of an error in previously issued financial statements (error correction). Accounting changes are (a) changes in accounting principle, (b) changes in accounting estimates, or (c) changes to or within the financial reporting entity. Error corrections are (a) errors from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were issued, or (b) a change from (i) applying an accounting principle that is not generally accepted to transactions or other events that previously were significant to (ii) applying a generally accepted accounting principle to those transactions or other events is an error correction. GASB Statement No. 100 requires that (a) changes in accounting principal and error corrections are reported retroactively, (b) changes in accounting estimates are reported prospectively, and (c) changes to or within the financial reporting entity should be reported by adjusting the current reporting period's beginning net position, fund balance, or fund net position, as applicable, for the effect of the change as if the change occurred as of the beginning of the reporting period. GASB Statement No. 100, *Accounting Changes and Error Corrections* is applicable to the Village's financial statements for the year ended April 30, 2025.

### 2. **GASB STATEMENT NO. 101 COMPENSATED ABSENCES**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which establishes standards of accounting and financial reporting for (a) compensated absences, and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The statement requires that a liability should be recognized for any type of leave that has not been used at year-end if (a) The leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Examples of leave that should be reviewed, and potentially measured under GASB Statement No. 101 are vacation leave, paid time off leave, holiday leave, and sick leave. Examples of leave that are excluded from GASB Statement No. 101 are parental leave, military leave, and jury duty leave. GASB Statement No. 101, *Compensated Absences* is applicable to the Village's financial statements for the year ended April 30, 2025.

### 3. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the District's financial statements for the year ended April 30, 2026.

## **UPCOMING STANDARDS – Continued**

### **4. GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management' discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, Financial Reporting Model Improvements is applicable to the District's financial statements for the year ended April 30, 2027.