

CITY OF WASHINGTON, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2022



December 2, 2022

The Honorable City Mayor
Members of the City Council
City of Washington, Illinois

In planning and performing our audit of the financial statements of the City of Washington (the City), Illinois, for the year ended April 30, 2022, 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, City Administrator and senior management of the City of Washington, 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 City 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 City staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. FUND NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

During our current year-end audit procedures, we noted the following fund with a fund balance that was not in compliance with the City Council approved fund balance policy:

	Per 2022 Budget	Fund Balance per AFR	Amount Not In Compliance
Storm Water Management			
Minimum			
Operating Expenditures	\$ 738,100		
Less: Capital Outlay and Depreciation	<u>(242,000)</u>		
	496,100		
25% per policy	<u>25%</u>		
	124,025	84,768	39,257

Recommendation

We recommend the City investigate the fund balance and adopt future budgets to address the item not in compliance.

Management Response

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

2. GASB STATEMENT NO. 96 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Comment

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) by governments. It establishes uniform accounting and financial reporting requirements for SBITAs, improves the comparability of financial statements among governments that have entered into SBITAs, and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is applicable to the City's financial statements for the year ended April 30, 2024.

Recommendation

Lauterbach & Amen, LLP will work directly with the City to review the new SBITA criteria in conjunction with the City's current arrangements to determine the appropriate financial reporting for these activities under GASB Statement No. 96.

Management Response

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

CURRENT RECOMMENDATIONS - Continued

3. 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	Excess
West Holland SSA	\$ 9,263

Recommendation

We recommend the City 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.

4. FUNDS WITH DEFICIT FUND BALANCE

Comment

During our current year-end audit procedures, we noted the following funds with deficit fund balance:

Fund	Deficit
Freedom Parkway	\$ 60,997
North Lawndale SSA	23,480
West Holland SSA	3,748
Hilldale Avenue	1,721

Recommendation

We recommend the City investigate the causes of the various deficits and adopt appropriate future funding measures.

Management Response

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