

David Lothspeich

From: David Lothspeich
Sent: Monday, February 11, 2013 3:39 PM
To: 'Joseph Barry'
Cc: MR4159@gmail.com
Subject: FW: Audit Costs
Attachments: L Grove allocation of audit costs 2012.xlsx

Joe,

FYI, please see below and attached re: audit expenses and allocation to funds.

Please let me know if you have any questions.

Thanks,

Dave

From: John Rader [mailto:John.Rader@bakertilly.com]
Sent: Friday, February 08, 2013 2:09 PM
To: David Lothspeich
Cc: Tom Scheidegger
Subject: Audit Costs

Dave,

It is very common to allocate audit costs to other funds and last year I provided you information on how to allocate those based upon each fund's expenditures/expenses. I have attached this once again. This is something that is commonly done by other municipalities, especially those with utility funds and TIF's that require quite a bit more effort. I would suggest allocating these costs for fiscal 2012-2013 for those already billed. As you can see, TIF takes a substantial portion of our effort as do the water funds. For SSA, you may consider allocating all of this % to TIF since this is where the well lies and SSA may not have the resources available. I do not think you can allocate costs to MFT so those should stay in the general fund.

My billing records indicate the following costs charged this year:

Audit:	\$26,000 (Prior year 25,000)-allocate as noted above
Bookkeeping	\$22,139 (prior year 10,504)-allocate as noted above
TIF audit	\$3,500 (new this year)-charge all to TIF
Water study	\$1,482 (new this year)-Charge all to the Water Management fund
Statutory TIF report	\$1,557 (new this year-this is the work requested of us by Vic and the Village)-charge all to TIF

Other than the new projects, as you can see, the largest increase was in bookkeeping. This represents the efforts we put forth to keep the village receiving its clean audit opinion. In other words, the necessary work to have all of the financial reporting requirements fulfilled. Each invoice we send details what that work is, but from a high level standpoint, this year required work in this area to properly account for the SSA assessments receivable and related revenue, making some changes to the interest charged on the TIF advance to the general fund, recording additional receivables in the general fund, a significant amount of work determining both the capital assets of the village (adds, deletes, and calculating depreciation) and the infrastructure (calling the village engineers and working with them to estimate what amounts should be capitalized for roads vs. expensed as maintenance-this was new this year), determining the final amounts for the sales tax distributions to the TIF, adjustments related to the final SSA costs and changing the advances accordingly so as to not only account for these final costs to SSA but to adjust the advances so as to comply with the Ordinances allowing them.

I always look at the number of audit adjustments as an indicator of effort on our part to not so much audit, but to prepare the figures presented to us originally by my clients, so that we can audit them. For fiscal 2011 there were 17 entries and

this year there were 30 entries, close to double. These entries do not include the additional work we had to do for capital either. Those are not entries Debbi makes to her system, but they are necessary to report the village's capital.

I hope this is helpful. Please share what you need with Debbi so that she knows to allocate. Please let me know if you have any questions.

Thank you

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Allocation of Audit Costs for Long Grove

	<u>General</u>	<u>Open Spaces</u>	<u>MFT</u>	<u>TIF</u>	<u>BID</u>	<u>SSA-Water</u>	<u>Water</u>	<u>Total</u>
Expenses from 4/30/2012 Financial Statements	2,162,611	720	289,150	1,203,107	74	260,258	43,561	3,959,481
	55%	0%	7%	30%	0%	7%	1%	
PY	45%	0%	3%	49%	0%	2%	0%	