

VILLAGE OF ROUND LAKE BEACH

AUDIT PRESENTATION
YEAR ENDED APRIL 30, 2017

RSM US LLP



December 4, 2017

This report is intended solely for the information and use of management and the Board of Trustees of the Village of Round Lake Beach and is not intended to be and should not be used by anyone other than these specified parties.

Client Service Team

- Bill Sarb – Senior Manager
- Katie Barry - Technical Reviewer
- Sarah Darnall – Manager
- Erik Ginter – Supervisor

Required Communications

- Opinions on the financial statements are unmodified “clean” opinions
- Significant judgments or accounting estimates by management
 - Pension liabilities for Police Pension and IMRF
 - Other post employee benefit (OPEB) obligations
 - Depreciation and accumulated depreciation
 - Self-Insurance liabilities
 - Allowance for uncollectible receivables
 - Parking Tickets
 - Liens
 - Developer rebate liability

Required Communications (cont.)

- Other communications:
 - No disagreements with management
 - No consultations with other accountants
 - No alternative accounting treatments discussed
 - Management letter indicating a material weakness due to 10 audit adjustments and two passed adjustments that were identified by the auditors.

Required Communications (cont.)

- Other written communication
 - Management representation letter
 - Management letter
- Excellent cooperation from the Village management and staff
- Full and open access to entire organization

New Accounting Pronouncements in 2017

- **GASB 72– *Fair Value Measurement and Application***
 - Establishes a standardized definition of Fair Value and guidance for determining fair value measurements for financial reporting purposes
 - Fair Value Hierarchy
 - Level 1 – Active markets, identical assets, i.e. Equities (Common Stock)
 - Level 2 – Active markets, similar assets, i.e. Fixed Income (Bonds)
 - Level 3 – Inactive market, i.e. real estate (Appraisals)
 - Additional disclosures regarding determination of fair value

Significant New Accounting Pronouncements

- **GASB 74 & 75, OPEB Standards**
 - Similar to GASB 67 and 68's impact on pensions but for the OPEB
 - Due to be implemented in fiscal year 2019
- **GASB 84 *Fiduciary Activities***
 - Clarifies when an entity has a fiduciary responsibility and is required to present fiduciary fund financial statements
 - Due to be implemented in fiscal year 2020
- **GASB 87 *Leases***
 - Establishes new guidance relating to lease accounting for governments
 - Due to be implemented in fiscal year 2021

THANK YOU FOR
YOUR TIME AND
ATTENTION