



July 24, 2023

To the Board of Trustees
Village of Barrington Hills
Barrington Hills, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Barrington Hills (Village) as of and for the year ended December 31, 2022, and have issued our report thereon dated July 24, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 15, 2023, our responsibility under generally accepted auditing standards and *Government Auditing Standards* is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Village solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

Management override of controls and improper revenue recognition due to fraud, both of which are commonly identified as significant risks for audits. As both are common significant risk areas, both are addressed by performing the following standard procedures:

- Incorporate an element of unpredictability in designing audit procedures: alternating test of controls at least once every two years, vary sampling techniques for detailed transaction testing, and interviewing different employees regarding fraud.
- Obtain an understanding of the process and related controls over journal entries and other adjustments and test journal entries and other adjustments we believe to be of higher risk.
- Review significant accounting estimates for evidence of management bias.
- Finally, obtain an understanding of the entity's rationale for significant and unusual transactions, if any.

Qualitative Aspects of the Organization's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Village are included in Note 1 to the financial statements. As described in Note 13 to the financial statements, during the year, the Village implemented GASB Statement No. 87, *Leases*. There have been no changes in existing significant accounting policies or their application during fiscal year 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgment. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgment. The most sensitive estimates affecting the financial statements are:

- Management's estimate of depreciation expense is based on estimated useful lives of the capital assets held by the Village.
- Management's estimates regarding pension and OPEB liabilities were based on various actuarial assumptions regarding projected salaries, market trends, and expected mortality.
- Management's estimates regarding allowances on Property Taxes were based on historical collection rates.

We evaluated the key factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Village's financial statements relate to: None noted.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The following significant unusual transactions identified as a result of our audit procedures were brought to the attention of management: None noted.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The Village decided not to correct a misstatement relating to the property tax receivables in the amount of \$41,900. This summarizes the uncorrected financial statement misstatement whose effect in the current and prior periods, as determined by management, is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or audit matter, which could be significant to the Village's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. None noted.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Village, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Village, and operating plans and strategies that may affect the risks of material misstatement. However, none of the matters discussed resulted in a condition to our retention as the Village's auditors.

Other Matters


We applied certain limited procedures to the required information, which is required supplemental information (RSI) that supplement the basic financial statements (as listed on the table of contents in the audit report). Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplemental information, which accompany the financial statements but are not RSI. With respect to the supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,



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