



VILLAGE OF WILLOWBROOK, ILLINOIS

AUDITOR'S COMMUNICATION TO THE
BOARD OF TRUSTEES

For the Year Ended April 30, 2024

SIKICH.COM

VILLAGE OF WILLOWBROOK, ILLINOIS
AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

January 20, 2025

The Honorable Mayor
Members of the Board of Trustees
Village of Willowbrook
835 Midway Drive
Willowbrook, Illinois 60527

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you June 4, 2024.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our communication to management, as well as a listing of future pronouncements that may affect the Village, are enclosed within this document.

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

Sincerely,

Sikich CPA LLC

Sikich CPA LLC
By: Thomas Siwicki, CPA
Director

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

January 20, 2025

The Honorable Mayor
Members of the Board of Trustees
Village of Willowbrook, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Willowbrook, Illinois (the Village) for the year ended April 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2024. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements except for the actuarial assumptions used to calculate the net pension liability and total other postemployment benefit liability. Management's estimate of the Village's net pension liabilities and total other postemployment benefit liability are based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, discount rates, healthcare trend rates, and mortality rates. We evaluated key factors and assumptions used to develop the management's estimates of the Village's net pension liabilities and total other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures during the audit of your financial statements. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually, and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for AJE 01.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 20, 2025.

Management Consultations with Other Independent 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. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. 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 the combining and individual fund financial statements and schedules, which accompany the basic financial statements but are not RSI. With respect to this supplementary 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our procedures did not identify any material inconsistencies with the basic financial statements.

Restriction on Use

The information is intended solely for the information and use of the Board of Trustees and management of the Village of Willowbrook and is not intended to be and should it be used by anyone other than these specified parties.

Sincerely,

Sikich CPA LLC

Sikich CPA LLC
By: Thomas Siwicki, CPA
Director

Village of Willowbrook

Year End: April 30, 2024

Adjusting Journal Entries

Date: 5/1/2023 To 4/30/2024

Account No: AJE 01 To AJE 08

| Number | Date | Name | Account No | Debit | Credit |
|---|-----------|--|-------------------------|--------------|---------------|
| AJE 01 | 4/30/2024 | DEFERRED REVENUE | 01-00-220-101 GF-01 | 1,308,945.00 | |
| AJE 01 | 4/30/2024 | FUND BALANCE | 01-00-300-101 GF-01 | | -1,376,238.00 |
| AJE 01 | 4/30/2024 | OTHER RECEIPTS | 01-00-310-913 GF-01 | 67,293.00 | |
| AJE 01 | 4/30/2024 | CONTRA DEFERRED REV | 13-00-190-100 GLTDAG-13 | | -1,308,945.00 |
| AJE 01 | 4/30/2024 | FUND BALANCE | 13-00-300-101 GLTDAG-13 | 1,376,238.00 | |
| AJE 01 | 4/30/2024 | CHANGE IN EXCESS SURPLUS-IRMA | 13-73-401-101 GLTDAG-13 | | -67,293.00 |
| To correct IRMA excess surplus | | | | | |
| AJE 02 | 4/30/2024 | Due to Municipality | 20-120-00 PPF-07 | 190,060.24 | |
| AJE 02 | 4/30/2024 | Contributions in Lieu of Tax Levy | 41-240-00 PPF-07 | | -190,060.24 |
| Entry to record due from municipality in the Police Pension Fund to agree to the General Fund as brought up by Sikich | | | | | |
| AJE 03 | 4/30/2024 | INTEREST INCOME | 01-00-320-108 GF-01 | | -21,836.40 |
| AJE 03 | 4/30/2024 | TRANSFER TO ARPA FUND | 01-10-900-117 GF-01 | 21,836.40 | |
| AJE 03 | 4/30/2024 | INTEREST INCOME | 16-00-320-108 AF-16 | 21,836.40 | |
| AJE 03 | 4/30/2024 | TRANSFER FROM GENERAL FUND | 16-00-330-101 AF-16 | | -21,836.40 |
| Entry to correct treatment of FY23 interest income associated with the ARPA funds as brought up by Sikich | | | | | |
| AJE 04 | 4/30/2024 | DEFERRED OUTFLOWS OF RESOURCES - IMRF | 02-00-180-104 WF-02 | 154.00 | |
| AJE 04 | 4/30/2024 | DEFERRED INFLOWS OF RESOURCES-IMRF | 02-00-220-120 WF-02 | | -6.00 |
| AJE 04 | 4/30/2024 | NET PENSION LIABILITY - IMRF | 02-00-280-120 WF-02 | | -615.00 |
| AJE 04 | 4/30/2024 | IMRF | 02-50-400-151 WF-02 | 615.00 | |
| AJE 04 | 4/30/2024 | IMRF | 02-50-400-151 WF-02 | | -154.00 |
| AJE 04 | 4/30/2024 | IMRF | 02-50-400-151 WF-02 | 6.00 | |
| AJE 04 | 4/30/2024 | DEFERRED OUTFLOWS OF RESOURCES - IMRF | 13-00-180-104 GLTDAG-13 | | -1,134.00 |
| AJE 04 | 4/30/2024 | DEFERRED INFLOWS OF RESOURCES-IMRF | 13-00-220-120 GLTDAG-13 | 6.00 | |
| AJE 04 | 4/30/2024 | NET PENSION LIABILITY - IMRF | 13-00-280-120 GLTDAG-13 | 615.00 | |
| AJE 04 | 4/30/2024 | NET PENSION EXPENSE - IMRF | 13-73-815-901 GLTDAG-13 | | -615.00 |
| AJE 04 | 4/30/2024 | NET PENSION EXPENSE - IMRF | 13-73-815-901 GLTDAG-13 | 1,134.00 | |
| AJE 04 | 4/30/2024 | NET PENSION EXPENSE - IMRF | 13-73-815-901 GLTDAG-13 | | -6.00 |
| To adjust IMRF GASB 68 | | | | | |
| AJE 05 | 4/30/2024 | DEFERRED OUTFLOWS OF RESOURCES - POL PEN | 13-00-180-105 GLTDAG-13 | 5,132.00 | |
| AJE 05 | 4/30/2024 | NET PENSION LIABILITY - POL PENSION | 13-00-280-121 GLTDAG-13 | 190,061.00 | |
| AJE 05 | 4/30/2024 | NET PENSION EXPENSE - POL PENSION | 13-73-815-902 GLTDAG-13 | | -195,193.00 |
| Entry to record change in Police Pension actuarial valuation activity after due to municipality entry | | | | | |

| Number | Date | Name | Account No | Debit | Credit |
|---|-----------|------------------------------------|------------------------|------------|-------------|
| AJE 06 | 4/30/2024 | GIN Reserve Deposit | 01-00-130-113 GF-01 | 137,965.00 | |
| AJE 06 | 4/30/2024 | EMP DED PAY- INSURANCE | 01-00-210-204 GF-01 | | -23,204.13 |
| AJE 06 | 4/30/2024 | OTHER RECEIPTS | 01-00-310-913 GF-01 | | -17,279.00 |
| AJE 06 | 4/30/2024 | LIFE INSURANCE - ELECTED OFFICIALS | 01-05-410-141 GF-01 | | -132.75 |
| AJE 06 | 4/30/2024 | LIFE INSURANCE - COMMISSIONERS | 01-07-435-148 GF-01 | | -48.27 |
| AJE 06 | 4/30/2024 | HEALTH/DENTAL/LIFE INSURANCE | 01-10-455-141 GF-01 | | -8,991.11 |
| AJE 06 | 4/30/2024 | HEALTH/DENTAL/LIFE INSURANCE | 01-20-550-141 GF-01 | | -1,206.86 |
| AJE 06 | 4/30/2024 | HEALTH/DENTAL/LIFE INSURANCE | 01-30-630-141 GF-01 | | -62,756.72 |
| AJE 06 | 4/30/2024 | HEALTH/DENTAL/LIFE INSURANCE | 01-35-710-141 GF-01 | | -15,729.18 |
| AJE 06 | 4/30/2024 | HEALTH/DENTAL/LIFE INSURANCE | 01-40-810-141 GF-01 | | -8,616.98 |
| Entry to record GIN insurance deposit as brought up by Sikich | | | | | |
| AJE 07 | 4/30/2024 | RETAINAGE PAYABLE | 10-00-210-104 CPF-10 | | -41,972.48 |
| AJE 07 | 4/30/2024 | MIDWAY PARK UPGRADE | 10-55-600-342 CPF-10 | 41,972.48 | |
| AJE 07 | 4/30/2024 | CONSTRUCTION IN PROGRESS | 12-00-190-108 GFAAG-12 | 41,972.48 | |
| AJE 07 | 4/30/2024 | CONSTRUCTION IN PROGRESS | 12-00-190-108 GFAAG-12 | 211,397.10 | |
| AJE 07 | 4/30/2024 | CAPITAL ADDITIONS - PARKS/REC | 12-71-550-901 GFAAG-12 | | -41,972.48 |
| AJE 07 | 4/30/2024 | CAPITAL ADDITIONS - PUBLIC WORKS | 12-71-710-901 GFAAG-12 | | -211,397.10 |
| Entry to accrue retainage payable as brought up by Sikich | | | | | |
| AJE 08 | 4/30/2024 | OTHER RECEIPTS | 01-00-310-913 GF-01 | 8,710.07 | |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-05-400-161 GF-01 | | -39.92 |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-10-400-161 GF-01 | | -4,223.12 |
| AJE 08 | 4/30/2024 | SUI - UNEMPLOYMENT | 01-10-400-171 GF-01 | 835.02 | |
| AJE 08 | 4/30/2024 | FEES/DUES/SUBSCRIPTIONS | 01-10-455-307 GF-01 | 3,514.77 | |
| AJE 08 | 4/30/2024 | FEES/DUES/SUBSCRIPTIONS | 01-10-455-307 GF-01 | 185.00 | |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-20-400-161 GF-01 | | -560.82 |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-30-400-161 GF-01 | | -6,685.24 |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-35-400-161 GF-01 | | -1,161.30 |
| AJE 08 | 4/30/2024 | SOCIAL SECURITY | 01-40-400-161 GF-01 | | -574.46 |
| Entry to correct state tax deductions as brought up by Sikich | | | | | |

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

Governmental Activities

(OPINION UNIT)

For the Year Ended

4/30/2024

All entries posted as Debit (Credit)

| Description | Workpaper Reference | Assets | (Liabilities) | (Net Positon) | (Profit) Loss |
|---|---------------------|------------|---------------|---------------|---------------|
| Current Effect of Prior Period Passed AJE's that have carried forward to Current Period | None | \$ - | \$ - | \$ - | \$ - |
| To remove additional liability related to employer contributions to Police Pension Fund as it doesn't meet definition in GASBS No. 67 | 5816 | - | 190,060 | - | (190,060) |
| Entry to record prior year effect of GIN deposit | 3716 | - | - | (120,686) | 120,686 |
| To record effect of agreements applicable under GASBS No. 96 | 4257 | 191,148 | (156,861) | - | (34,287) |
| Totals | | \$ 191,148 | \$ 33,199 | \$ (120,686) | \$ (103,661) |

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

Business Type Activities

(OPINION UNIT)

For the Year Ended

4/30/2024

All entries posted as Debit (Credit)

| Description | Workpaper Reference | Assets | (Liabilities) | (Net Position) | Change in Net Position |
|---|---------------------|--------|---------------|----------------|------------------------|
| Current Effect of Prior Period Passed AJE's that have carried forward to Current Period | None | \$ - | \$ - | \$ - | \$ - |
| Entry to record water maintenance related invoice as of April 30, 2024 | 4003 | \$ - | (4,800) | \$ - | 4,800 |
| Totals | | \$ - | \$ (4,800) | \$ - | \$ 4,800 |

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

General Fund

(OPINION UNIT)

For the Year Ended

4/30/2024

All entries posted as Debit (Credit)

| Description | Workpaper Reference | Assets | (Liabilities) | (Fund Balance) | Change in Fund Balance |
|---|---------------------|--------|---------------|----------------|------------------------|
| Current Effect of Prior Period Passed AJE's that have carried forward to Current Period | None | \$ - | \$ - | \$ - | \$ - |
| To remove additional liability related to employer contributions to Police Pension Fund as it doesn't meet definition in GASBS No. 67 | 5816 | - | 190,060 | - | (190,060) |
| Entry to record prior year effect of GIN deposit | 3716 | - | - | (120,686) | 120,686 |
| Totals | | \$ - | \$ 190,060 | \$ (120,686) | \$ (69,374) |

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

Police Pension Fund

(OPINION UNIT)

For the Year Ended

4/30/2024

All entries posted as Debit (Credit)

| Description | Workpaper Reference | Assets | (Liabilities) | (Net Position) | Change in Net Position |
|--|---------------------|---------------------|---------------|----------------|------------------------|
| Current Effect of Prior Period Passed AJE's that have carried forward to Current Period | None | \$ - | \$ - | \$ - | \$ - |
| To remove additional receivable related to employer contributions from the Village as it doesn't meet definition in GASBS No. 67 | 5816 | \$ (190,060) | \$ - | \$ - | \$ 190,060 |
| Totals | | \$ <u>(190,060)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>190,060</u> |

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

Water Fund

(OPINION UNIT)

For the Year Ended

4/30/2024

All entries posted as Debit (Credit)

| Description | Workpaper Reference | Assets | (Liabilities) | (Net Position) | Change in Net Position |
|---|---------------------|--------|---------------|----------------|------------------------|
| Current Effect of Prior Period Passed AJE's that have carried forward to Current Period | None | \$ - | \$ - | \$ - | \$ - |
| Entry to record water maintenance related invoice as of April 30, 2024 | 4003 | \$ - | (4,800) | \$ - | 4,800 |
| Totals | | \$ - | \$ (4,800) | \$ - | \$ 4,800 |

VILLAGE OF WILLOWBROOK, ILLINOIS

**COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT**

April 30, 2024

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

The Honorable Mayor
Members of the Board of Trustees
Village of Willowbrook, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Willowbrook, Illinois (the Village) as of and for the year ended April 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency that do not meet the definition of material weaknesses or significant deficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. In addition, we reviewed the status of the recommendations for the period ended April 30, 2023. The status of these recommendations is included in Appendix A. This letter does not affect our report dated January 20, 2025, on the financial statements of the Village.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the Chief Financial Officer, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Sikich CPA LLC

Naperville, Illinois
January 20, 2025

DEFICIENCIES

User Access

During our testing of user access to the accounting system, it was noted that former Village employees still have user access capabilities within the accounting system. Sikich recommends that a policy be in place where this access is terminated immediately upon separation from the Village.

Management Response

The Village will implement a policy whereby Human Resources will notify IT, in writing, when an employee leaves the Village so that IT can remove their access capabilities within the accounting system in a timely manner.

Police Pension Contributions

The Village accrued an additional contribution to the Police Pension Fund that occurred subsequent to year end. The contribution was not pursuant to a legal requirement and thus should be recorded in the following fiscal year. While the amount was not material to the financial statements, we recommend that all transactions are recorded in the proper period.

Management Response

The additional contribution to the Police Pension Fund was a 'catch-up' contribution to match the actuary's recommended contribution for FY2023-2024. The payroll system was not updated with the new contribution amount at the beginning of the fiscal year, therefore, the employer contribution did not match the actuary's recommended contribution amount. Payroll has updated its fiscal year end procedures to ensure that the payroll system is properly updated for any change in the employer contribution to the police pension.

Review of Journal Entries

During our testing of manual journal entries posted by the Village, we noted that there was a period of time during the fiscal year in which entries were not being reviewed before being posted to the general ledger due to turnover in staffing. Although this was corrected when new staffing was hired, we recommend that all journal entries be reviewed for accuracy and completeness on a timely basis by someone other than the preparer. The review should include tests of mechanical accuracy and tracing of items on the entry to the relevant source documents.

Management Response

The Village currently has adequate staffing to allow for proper segregation of duties with respect to reviewing journal entries. Staff, other than the preparer, is reviewing journal entries for accuracy and completeness before the entries are posted into the general ledger.

OTHER COMMENTS

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the Village in the future.

GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending April 30, 2025.

GASB Statement No. 100, Accounting Changes and Error Corrections—an Amendment of *GASB Statement No. 62*, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ended April 30, 2025.

OTHER COMMENTS (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used 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. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ended April 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in the notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for the fiscal year ended April 30, 2026.

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply

OTHER COMMENTS (Continued)

Future Accounting Pronouncements (Continued)

presenting the amounts or percentages by which they changed. This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. This Statement requires governments to present budgetary comparison information using a single method of communication--RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for the fiscal year ending April 30, 2027.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital asset note disclosures. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital assets held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for the fiscal year ending April 30, 2027.

We will advise the Village of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and changes in financial position of the Village.

APPENDIX A **STATUS OF COMMENTS FROM APRIL 30, 2023**

DEFICIENCIES

Community Development Bonds

During our review of the community development bonds, it was noted that there were many bonds that were of significant age. We recommend that the Village's Finance and Building Departments collaborate to determine the status of these projects, what the deposit was collected for and who it is owed to and return closed project balances to the contractor or to the State of Illinois (as appropriate). Additionally, we recommend the Village formalize a policy governing this process.

Status - Comment still applicable as of April 30, 2024.

Management Response

In FY2023-2024, the Finance Department and Community Development Department began reviewing the documentation supporting the bonds that have been outstanding for several years. From these reviews, Village staff was able to determine the status of many bonds that have been reported as outstanding since FY2014-2015 and adjust the general ledger, as needed.

The Finance Department and Community Development Department will continue to meet quarterly to determine the a.) status of the ageing bonds; b.) purpose of the deposit and c.) depositor's name. The review findings will govern to whom the Finance Department should forward the outstanding bond amount, State of Illinois or contractor, for closed projects.

It is the goal of the Village staff to complete this process by the end of FY2025-2026.

Credit Card Testing

During our credit card testing, Sikich noted that several credit card purchases were approved with sales tax included in the receipt. Per Village policy for credit card transactions, purchases should be made with the exclusion of sales tax. Sikich recommends that the Village continuously remind all credit card users that purchases should not include the payment of sales tax in accordance with Village policy and tax-exempt status. Additionally, it was noted that support was not retained for two of the six credit card transactions tested. Sikich recommends that the Village properly authorizing these transactions for maintaining receipts to determine the proper business use of credit cards.

Status - Comment considered partially implemented as of April 30, 2024 as there was support retained for all transactions tested, but there was still the payment of sales tax.

Management Response

Finance will continue to send out quarterly reminders that purchases are not to include sales tax, in accordance with Village policy and its tax-exempt status. We will begin sending out monthly reminders to those users who continually do not follow the policy.

DEFICIENCIES (Continued)

Significant Interfund Balances

During our testing, it was noted that the internal balances increased significantly over the prior year due to regular operating transfers not being made during the fiscal year due to turnover in the finance department. Sikich recommends that a monthly checklist and procedures are created to ensure monthly transactions, like transfers, are taking place regardless of the turnover.

Status - Comment considered implemented as of April 30, 2024.