



VILLAGE OF WILLOWBROOK, ILLINOIS

AUDITOR'S COMMUNICATION TO THE
BOARD OF TRUSTEES

For the Year Ended April 30, 2023

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

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January 4, 2024

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 14, 2023.

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 LLP

Sikich LLP
By: Thomas Siwicki, CPA
Director

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

SIKICH.COM

January 4, 2024

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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 March 28, 2023. 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, 2023. 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 03 and AJE 15.

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 4, 2024.

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 LLP

Sikich LLP
By: Thomas Siwicki, CPA
Director

Village of Willowbrook

Year End: April 30, 2023

Adjusting Journal Entries

Date: 5/1/2022 To 4/30/2023

Account No: AJE 01 To AJE 17

Number	Date	Name	Account No	Debit	Credit
AJE 01	4/30/2023	FIXED ASSETS - VEHICLES	12-00-190-103 GFAAG-12		-42,907.44
AJE 01	4/30/2023	ACCUMULATED DEPRECIATION	12-00-190-901 GFAAG-12	42,907.44	
To record capital asset disposal					
AJE 02	4/30/2023	IL FUNDS - 5435	01-00-110-322 GF-01	11,890.00	
AJE 02	4/30/2023	DUE TO/FROM CAPITAL PROJECTS FUND	01-00-140-110 GF-01		-11,890.00
AJE 02	4/30/2023	DUE TO/FROM GENERAL FUND	10-00-140-101 CPF-10	11,890.00	
AJE 02	4/30/2023	RESURFACING	10-55-600-313 CPF-10		-11,890.00
AJE 02	4/30/2023	IL FUNDS - 5435	14-00-110-322 LAF-14		-11,890.00
AJE 02	4/30/2023	ACCOUNTS PAYABLE	14-00-210-101 LAF-14	11,890.00	
Entry to adjust Fund 14 as brought up by Sikich during preliminary analytics.					
AJE 03	4/30/2023	DEFERRED OUTFLOWS OF RESOURCES - POL PEN	13-00-180-105 GLTDAG-13	3,563,586.00	
AJE 03	4/30/2023	DEFERRED INFLOWS OF RESOURCES-POLICE PEN	13-00-220-122 GLTDAG-13	3,610,780.00	
AJE 03	4/30/2023	NET PENSION LIABILITY - POL PENSION	13-00-280-121 GLTDAG-13		-8,805,422.00
AJE 03	4/30/2023	FUND BALANCE	13-00-300-101 GLTDAG-13	320,900.00	
AJE 03	4/30/2023	NET PENSION EXPENSE - POL PENSION	13-73-815-902 GLTDAG-13	1,631,056.00	
AJE 03	4/30/2023	NET PENSION EXPENSE - POL PENSION	13-73-815-902 GLTDAG-13		-320,900.00
Entry to correct Police Pension actuarial activity.					
AJE 04	4/30/2023	DEFERRED OUTFLOWS OF RESOURCES - IMRF	02-00-180-104 WF-02	22,337.00	
AJE 04	4/30/2023	DEFERRED INFLOWS OF RESOURCES-IMRF	02-00-220-120 WF-02		-118,140.00
AJE 04	4/30/2023	NET PENSION LIABILITY - IMRF	02-00-280-120 WF-02	26,533.00	
AJE 04	4/30/2023	IMRF	02-50-400-151 WF-02	69,270.00	
AJE 04	4/30/2023	DEFERRED OUTFLOWS OF RESOURCES - IMRF	13-00-180-104 GLTDAG-13		-22,337.00
AJE 04	4/30/2023	DEFERRED INFLOWS OF RESOURCES-IMRF	13-00-220-120 GLTDAG-13	118,140.00	
AJE 04	4/30/2023	NET PENSION LIABILITY - IMRF	13-00-280-120 GLTDAG-13		-26,534.00
AJE 04	4/30/2023	NET PENSION EXPENSE - IMRF	13-73-815-901 GLTDAG-13		-69,269.00
Entry to correct IMRF actuarial activity.					
AJE 05	4/30/2023	DUE TO/FROM POLICE PENSION FUND	01-00-140-107 GF-01	53,159.14	
AJE 05	4/30/2023	DUE TO/FROM POLICE PENSION FUND	01-00-140-107 GF-01		-4,299.45
AJE 05	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01		-53,159.14
AJE 05	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01	4,299.45	
Entry to correct due from the Police Pension as brought up by Sikich.					
AJE 06	4/30/2023	BUSINESS LICENSE RECEIVABLE	01-00-130-103 GF-01		-22,900.00
AJE 06	4/30/2023	BUILDING PERMITS	01-00-310-401 GF-01	22,900.00	
Entry to correct business licenses as brought up by Sikich.					

Number	Date	Name	Account No	Debit	Credit
AJE 07	4/30/2023	IPBC TERM RESERVE DEPOSIT	01-00-130-102 GF-01	79,794.00	
AJE 07	4/30/2023	IPBC TERM RESERVE DEPOSIT	01-00-130-102 GF-01		-17,630.00
AJE 07	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01		-79,794.00
AJE 07	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01	17,630.00	
Entry to correct IPBC terminal reserve as brought up by Sikich.					
AJE 08	4/30/2023	EMP DED PAY- INSURANCE	01-00-210-204 GF-01		-40,429.60
AJE 08	4/30/2023	IMRF REPAY/BUY BACK	01-00-210-222 GF-01	40,429.60	
Entry to correct IMRF buy back as brought up by Sikich.					
AJE 09	4/30/2023	WAGE GARNISHMENT	01-00-210-225 GF-01		-14,450.40
AJE 09	4/30/2023	PSEBA BENEFITS	01-30-630-142 GF-01	14,450.40	
Entry to correct wage garnishment as brought up by Sikich.					
AJE 10	4/30/2023	EMP DED PAY - ILL	01-00-210-203 GF-01		-1,299.16
AJE 10	4/30/2023	EMP DED PAY - ILL	01-00-210-203 GF-01		-7,420.05
AJE 10	4/30/2023	CONTINGENCIES	01-00-430-799 GF-01	7,420.05	
AJE 10	4/30/2023	SUI - UNEMPLOYMENT	01-30-400-171 GF-01	1,299.16	
Entry to correct state payroll deductions as brought up by Sikich.					
AJE 11	4/30/2023	UNEMPLOYMENT COMP	01-00-210-208 GF-01	15,606.33	
AJE 11	4/30/2023	UNEMPLOYMENT COMP	01-00-210-208 GF-01		-6,917.09
AJE 11	4/30/2023	UNEMPLOYMENT COMP	01-00-210-208 GF-01		-4,068.90
AJE 11	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01	6,917.09	
AJE 11	4/30/2023	SUI - UNEMPLOYMENT	01-30-400-171 GF-01		-15,606.33
AJE 11	4/30/2023	SUI - UNEMPLOYMENT	01-30-400-171 GF-01	4,068.90	
Entry to correct unemployment deductions as brought up by Sikich.					
AJE 12	4/30/2023	DEFERRED OUTFLOWS OF RESOURCES - IMRF	02-00-180-104 WF-02		-14,430.00
AJE 12	4/30/2023	DEFERRED INFLOWS OF RESOURCES-IMRF	02-00-220-120 WF-02	521.00	
AJE 12	4/30/2023	NET PENSION LIABILITY - IMRF	02-00-280-120 WF-02	26,920.00	
AJE 12	4/30/2023	IMRF	02-50-400-151 WF-02		-13,011.00
AJE 12	4/30/2023	DEFERRED OUTFLOWS OF RESOURCES - IMRF	13-00-180-104 GLTDAG-13	14,430.00	
AJE 12	4/30/2023	DEFERRED INFLOWS OF RESOURCES-IMRF	13-00-220-120 GLTDAG-13		-521.00
AJE 12	4/30/2023	NET PENSION LIABILITY - IMRF	13-00-280-120 GLTDAG-13		-26,920.00
AJE 12	4/30/2023	NET PENSION EXPENSE - IMRF	13-73-815-901 GLTDAG-13	13,011.00	
Entry to correct IMRF actuarial valuation to include the Business District Fund and the new economic development function.					

Number	Date	Name	Account No	Debit	Credit
AJE 13	4/30/2023	COMPENSATED ABSENCES - CURRENT	02-00-280-101 WF-02	1,036.00	
AJE 13	4/30/2023	COMPENSATED ABSENCES - LONG TERM	02-00-280-102 WF-02	9,325.00	
AJE 13	4/30/2023	SALARIES - PERMANENT EMPLOYEES	02-50-401-101 WF-02		-10,361.00
AJE 13	4/30/2023	COMPENSATED ABSENCES	13-00-280-102 GLTDAG-13	1,979.55	
AJE 13	4/30/2023	COMP ABSENCES - PARKS/REC	13-73-550-600 GLTDAG-13	2,215.00	
AJE 13	4/30/2023	COMP ABSENCES - PUBLIC WORKS	13-73-710-600 GLTDAG-13		-10,360.55
AJE 13	4/30/2023	COMP ABSENCES - BUILDING (GEN GOVT)	13-73-810-600 GLTDAG-13	6,166.00	
Entry to correct compensated absences to agree to the schedule.					
AJE 14	4/30/2023	IRMA OPTIONAL DEDUCTIBLE CREDIT	01-00-130-104 GF-01		-35,212.00
AJE 14	4/30/2023	IRMA EXCESS SURPLUS	01-00-130-110 GF-01	26,410.00	
AJE 14	4/30/2023	DEFERRED REVENUE	01-00-220-101 GF-01		-26,410.00
AJE 14	4/30/2023	OTHER RECEIPTS	01-00-310-913 GF-01	35,212.00	
AJE 14	4/30/2023	CONTRA DEFERRED REV - IRMA	13-00-190-100 GLTDAG-13		-520,616.00
AJE 14	4/30/2023	CHANGE IN EXCESS SURPLUS-IRMA	13-73-401-101 GLTDAG-13	520,616.00	
Entry to correct IRMA activity.					
AJE 15	4/30/2023	DEFERRED GRANT REVENUE	01-00-220-103 GF-01		-296,920.00
AJE 15	4/30/2023	FEDERAL/STATE GRANTS	01-00-310-922 GF-01	296,920.00	
To adjust grant amount to deferred revenue.					
AJE 16	4/30/2023	Installment Contract Proceeds	01-00-310-105 GF-01		-101,400.00
AJE 16	4/30/2023	BODY CAMERAS	01-30-630-402 GF-01	101,400.00	
AJE 16	4/30/2023	Equipment	12-00-190-109 GFAAG-12	101,400.00	
AJE 16	4/30/2023	ACCUMULATED DEPRECIATION	12-00-190-901 GFAAG-12		-20,280.00
AJE 16	4/30/2023	DEPRECIATION EXP - PUBLIC SAFETY	12-71-630-900 GFAAG-12	20,280.00	
AJE 16	4/30/2023	CAPITAL ADDITIONS- PUBLIC SAFETY	12-71-630-901 GFAAG-12		-101,400.00
AJE 16	4/30/2023	Installment Contract Proceeds	13-68-310-105 GLTDAG-13	101,400.00	
AJE 16	4/30/2023	Installment Contract Note Payable	13-73-401-108 GLTDAG-13		-101,400.00
Entry to record the installment contract.					
AJE 17	4/30/2023	CONTRA DEFERRED REVENUE	13-00-190-101 GLTDAG-13	186,910.79	
AJE 17	4/30/2023	CONTRA DEFERRED REVENUE	13-00-190-101 GLTDAG-13	225,000.00	
AJE 17	4/30/2023	CONTRA DEFERRED REVENUE	13-00-190-101 GLTDAG-13	71,920.00	
AJE 17	4/30/2023	CHANGE IN DEFERRED REVENUE	13-73-401-102 GLTDAG-13		-186,910.79
AJE 17	4/30/2023	CHANGE IN DEFERRED REVENUE	13-73-401-102 GLTDAG-13		-225,000.00
AJE 17	4/30/2023	CHANGE IN DEFERRED REVENUE	13-73-401-102 GLTDAG-13		-71,920.00
Entry to recognize deferred revenue that is earned at the government-wide level.					

VILLAGE OF WILLOWBROOK

(CLIENT)

Governmental Activities

(OPINION UNIT)

For the Year Ended

4/30/2023

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	None	\$ _____	\$ _____	\$ _____	\$ _____
Entry to record prior year effect on accounts payable recorded to FY22 after the audit	4004.2	-	-	91,236	(91,236)
Overaccrual of grant at April 30, 2023	3304.1	(69,653)	-	-	69,653
Totals		\$ (69,653)	\$ -	\$ 91,236	\$ (21,583)

PASSED ADJUSTMENTS

VILLAGE OF WILLOWBROOK

(CLIENT)

General Fund

(OPINION UNIT)

For the Year Ended

4/30/2023

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	\$ -	\$ -	\$ -	\$ -
Entry to record prior year effect on accounts payable recorded to FY22 after the audit	4004.2	-	-	91,236	(91,236)
Overaccrual of grant at April 30, 2023	3304.1	(69,653)	69,653	-	-
Totals		\$ (69,653)	\$ 69,653	\$ 91,236	\$ (91,236)

VILLAGE OF WILLOWBROOK, ILLINOIS

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

April 30, 2023

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, 2023, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the Management Letter, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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, 2022. The status of these recommendations is included in Appendix A. This letter does not affect our report dated January 4 2024, 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 Finance Director, 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 LLP

Naperville, Illinois
January 4, 2024

DEFICIENCIES

1. 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 is properly authorizing these transactions for maintaining receipts to determine the proper business use of credit cards.

Management Response: Finance will be putting a procedure in place to send quarterly reminders to all credit card users that purchases, in accordance with Village policy and its tax-exempt status, are not to include sales tax.

Finance will be more consistent with returning the credit card back to the user once receipts have been submitted to ensure that all credit cards are being used properly.

2. 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.

Management Response: A monthly checklist and closing procedures were in place during FY2022-23; however, prior staff were not consistently following the procedures and ensuring that all procedures were completed. As certain outstanding transfers require cash to be transferred between two bank accounts, in addition to the timing of recent staff turnover, not all cash transfers were made prior to the fiscal year-end.

Finance has already begun the process of completing all transfers outstanding as of April 30, 2023. A month-end closing procedure has also been added to ensure that all Due to/Due from are cleared at the end of each month to ensure that interfund balances are kept at a minimum.

OTHER COMMENTS

1. 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued to address issues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for the fiscal year ending April 30, 2024.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal year April 30, 2024.

OTHER COMMENTS (Continued)

1. Future Accounting Pronouncements (Continued)

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 requirements related to leases, PPPs, and SBITAs is the fiscal year ending April 30, 2024. 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.

OTHER COMMENTS (Continued)

1. Future Accounting Pronouncements (Continued)

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.

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.

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, 2022**

DEFICIENCIES

1. 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, 2023.

Management Response: Finance will begin reviewing Community Development Bonds as part of its monthly procedures to identify those bonds that have been outstanding for a specific amount of time. Finance and Community Development will meet quarterly to discuss project status, purpose of deposit, and to whom the deposit is owed.

The procedure will ensure that all closed project balances are returned to the contractor or State of Illinois on a timely basis.

2. User Access

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

Status: Comment considered implemented as of April 30, 2023.