



**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**

AUDITOR'S COMMUNICATION TO THE  
BOARD OF TRUSTEES AND MANAGEMENT

For the Year Ended April 30, 2020

A decorative background image featuring a teal horizontal band at the top, a large abstract geometric pattern of overlapping translucent shapes in shades of gray and white in the middle, and an orange rectangular box at the bottom right containing the website address.

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**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**  
**AUDITOR’S COMMUNICATION TO THE BOARD OF TRUSTEES**  
**AND MANAGEMENT**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
COVER LETTER .....	1
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE .....	2-9
• Adjusting Journal Entries	
COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT .....	10-16
FIRM PROFILE	

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

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September 25, 2020

The Honorable President  
Members of the Board of Trustees  
Village of Indian Head Park  
201 Acacia Drive  
Indian Head Park, Illinois 60525

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 on May 1, 2020.

In addition, auditing standards require the communication of internal control related matters to management. Our communication of those matters is enclosed within this document.

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

Sincerely,

*Sikich LLP*

Sikich LLP  
By: Brian D. LeFevre, CPA, MBA  
Partner

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

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September 25, 2020

Members of the Board of Trustees  
Village of Indian Head Park  
Indian Head Park, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Village of Indian Head Park for the year ended April 30, 2020. Professional standards require that we provide you with the following information related 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 May 13, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. 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, 2020 except for the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt*. We noted no transactions entered into by the Village during the year or which there is 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 basic financial statements except for the actuarial assumptions used by the actuary in determining the total pension liability and the total OPEB liability.

Management's estimate of the Village's net pension liability and total other postemployment benefit liability and related amounts 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 liability and total other postemployment benefit liability and related amounts in determining that they are 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 affecting the financial statements. The financial statement disclosures 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. Management has corrected all such misstatements. In addition, the majority of the misstatements detected as a result of audit procedures as shown on the attached schedule and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or audit 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 September 25, 2020.

### **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 (RSI), including the Management's Discussion and Analysis, as listed in the table of contents 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 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 financial statements themselves.

We were not engaged to report on the supplemental data, which accompany the 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.

## Restriction on Use

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

Sincerely,

*Sikich LLP*

Sikich LLP

By: Brian D. LeFevre, CPA, MBA  
Partner

**Village of Indian Head Park**

**Year End: April 30, 2020**

**Adjusting Journal Entries**

**Date: 5/1/2019 To 4/30/2020**

Number	Date	Name	Account No	Debit	Credit
AJE#01	4/30/2020	Excess Rev. over Exp.	01-00-3065-000 GF-01		-52,240.65
AJE#01	4/30/2020	State Income Tax	01-00-4403-000 GF-01	52,240.65	
Entry to update fund balance within the General Fund for an entry posted in FY2019					
AJE#02	4/30/2020	Purchase of Capital Assets-Publ	98-00-1400-200 G-98	95,689.80	
AJE#02	4/30/2020	Excess Rev. over Exp.	98-00-3065-000 G-98		-95,689.80
Entry to update fund balance within the Capital Asset Account Group for FY2019 activity					
AJE#03	4/30/2020	Change in Comp Abs-GG	99-00-5002-000 G-99		-4,236.00
AJE#03	4/30/2020	Change in Comp Abs-PS	99-00-5003-000 G-99		-1,786.00
AJE#03	4/30/2020	Change in Comp Abs-PW	99-00-5004-000 G-99		-8,524.00
AJE#03	4/30/2020	Change in OPEB Asset/Liability	99-00-5008-000 G-99	4,236.00	
AJE#03	4/30/2020	Change in OPEB Liability - PW	99-00-5009-000 G-99	1,786.00	
AJE#03	4/30/2020	Change in OPEB Liability - PS	99-00-5010-000 G-99	8,524.00	
Entry to reclassify the change compensated absences to different income statement accounts in Fund 99					
AJE#04	4/30/2020	Insurance Deposit-IRMA	01-00-1216-000 GF-01	70,901.25	
AJE#04	4/30/2020	Deferred Rev-IRMA	01-00-2202-000 GF-01		-70,901.25
AJE#04	4/30/2020	Insurance Deposits	02-00-1251-000 WS-02	10,128.75	
AJE#04	4/30/2020	Miscellaneous Income	02-00-5105-000 WS-02		-10,128.75
To update the IRMA excess surplus credit					
AJE#05	4/30/2020	Deferred Rev-Other Taxes	01-00-2203-000 GF-01	5,494.86	
AJE#05	4/30/2020	State Sales Tax	01-00-4405-000 GF-01		-262.13
AJE#05	4/30/2020	State Local Use Tax	01-00-4406-000 GF-01		-1,317.37
AJE#05	4/30/2020	Non Home Rule Tax	01-00-4408-000 GF-01		-2,946.15
AJE#05	4/30/2020	Building Permits	01-00-4503-000 GF-01		-969.21
AJE#05	4/30/2020	Receivable-State of IL	10-00-1207-000 MFT-10		-3,633.33
AJE#05	4/30/2020	State Allotment	10-00-4415-000 MFT-10	3,633.33	
Entry to adjust revenue, receivable and deferred revenue for state revenues					

Number	Date	Name	Account No	Debit	Credit
AJE#06	4/30/2020	SBoC Revenue Account	01-00-1010-000 GF-01	23,584.00	
AJE#06	4/30/2020	Due from Special Park Fund	01-00-1320-000 GF-01		-23,584.00
AJE#06	4/30/2020	SBoC Revenue Account	16-00-1010-000 SP-16		-23,584.00
AJE#06	4/30/2020	Due to Corporate Fund	16-00-2100-500 SP-16	23,584.00	
Entry to reduce due to corporate fund					
AJE#07	4/30/2020	SBoC A/P Operating Account	01-00-1012-000 GF-01		-6,911.05
AJE#07	4/30/2020	SBoC A/P Operating Account	01-00-1012-000 GF-01		-1,000.00
AJE#07	4/30/2020	Transfer from Trust & Agency	01-00-5702-000 GF-01	6,911.05	
AJE#07	4/30/2020	Misc. Expense	01-11-6247-000 GF-01	1,000.00	
AJE#07	4/30/2020	SBoC A/P Operating Account	02-00-1012-000 WS-02	7,911.05	
AJE#07	4/30/2020	Transfer from General	02-00-5701-000 WS-02		-7,911.05
AJE#07	4/30/2020	Misc. Receivables	80-00-1213-000 A-80		-1,000.00
AJE#07	4/30/2020	Transfer to General Fund	80-00-6670-000 A-80	1,000.00	
Entry to correct transfers in Fund 01, 02, and 80					
AJE#08	4/30/2020	Prepaid Insurance	01-00-1250-000 GF-01		-4,170.63
AJE#08	4/30/2020	Insurance Allocation	01-21-6253-000 GF-01	116.84	
AJE#08	4/30/2020	Liability Insurance Alloc	01-31-6274-000 GF-01	368.53	
AJE#08	4/30/2020	Liability Insurance Alloc	01-41-6274-000 GF-01	1,228.42	
AJE#08	4/30/2020	Insurance Premium	01-92-6275-000 GF-01	2,456.84	
AJE#08	4/30/2020	Prepaid Insurance	02-00-1250-000 WS-02		-595.81
AJE#08	4/30/2020	Insurance Allocation	02-85-6253-000 WS-02	451.39	
AJE#08	4/30/2020	Insurance Allocation	02-90-6253-000 WS-02	144.42	
To record IRMA Prepaid					
AJE#09	4/30/2020	Accrued Salaries	01-00-2007-000 GF-01		-19,301.69
AJE#09	4/30/2020	Regular Salaries	01-21-6102-000 GF-01	3,626.34	
AJE#09	4/30/2020	Regular Salaries	01-41-6102-000 GF-01	15,675.35	
AJE#09	4/30/2020	Accrued Salaries	02-00-2007-000 WS-02		-3,521.28
AJE#09	4/30/2020	Regular Salaries	02-85-6102-000 WS-02	3,521.28	
To adjust accrued wages					
AJE#10	4/30/2020	Deferred Outflows - IMRF	02-00-1601-000 WS-02		-163,782.00
AJE#10	4/30/2020	Deferred Outflows - OPEB	02-00-1602-000 WS-02	1,626.00	
AJE#10	4/30/2020	Net Pension Liability	02-00-2047-100 WS-02	179,460.00	
AJE#10	4/30/2020	OPEB Liability	02-00-2048-000 WS-02	2,692.00	
AJE#10	4/30/2020	Deferred Inflows-IMRF	02-00-2050-000 WS-02		-62,018.00
AJE#10	4/30/2020	Deferred Inflows-OPEB	02-00-2060-000 WS-02	2,962.00	
AJE#10	4/30/2020	Pension	02-85-6107-000 WS-02	29,671.00	
AJE#10	4/30/2020	Pension	02-90-6107-000 WS-02	16,669.00	
AJE#10	4/30/2020	OPEB Expense	02-92-6240-000 WS-02		-4,729.00
AJE#10	4/30/2020	OPEB Expense	02-92-6241-000 WS-02		-2,551.00
AJE#10	4/30/2020	Deferred OF Resource-IMRF	99-00-2400-000 G-99		-612,841.00

Number	Date	Name	Account No	Debit	Credit
AJE#10	4/30/2020	Deferred Outflows - OPEB	99-00-2450-000 G-99	3,959.00	
AJE#10	4/30/2020	Net Pension Liability-IMRF	99-00-2700-000 G-99	671,503.00	
AJE#10	4/30/2020	Deferred Inflows of Resources-IM	99-00-2800-000 G-99		-232,058.00
AJE#10	4/30/2020	Deferred Inflows - OPEB	99-00-2850-000 G-99	7,211.00	
AJE#10	4/30/2020	OPEB Liability	99-00-2950-000 G-99	6,553.00	
AJE#10	4/30/2020	Pension Expense - GG	99-00-5000-000 G-99	35,065.00	
AJE#10	4/30/2020	Change in OPEB Asset/Liability	99-00-5008-000 G-99		-5,160.00
AJE#10	4/30/2020	Change in OPEB Liability - PW	99-00-5009-000 G-99		-2,176.00
AJE#10	4/30/2020	Change in OPEB Liability - PS	99-00-5010-000 G-99		-10,387.00
AJE#10	4/30/2020	Pension Expense - Police	99-00-5500-000 G-99	125,331.00	
AJE#10	4/30/2020	Pension Expense - PW	99-00-5600-000 G-99	13,000.00	
Entry to record IMRF and OPEB activity for FY20					
AJE#11	4/30/2020	SBoC A/P Operating Account	02-00-1012-000 WS-02		-228,469.57
AJE#11	4/30/2020	Other Receivable	02-00-1215-000 WS-02	233,316.60	
AJE#11	4/30/2020	Other Receivable	02-00-1215-000 WS-02		-233,316.60
AJE#11	4/30/2020	IEPA Loan Payable	02-00-2002-400 WS-02		-1,909,654.63
AJE#11	4/30/2020	Contribution Revenue: Gov't Activities	02-00-5106-000 WS-02		-241,865.00
AJE#11	4/30/2020	IEPA Loan	02-00-5140-000 WS-02	1,909,654.63	
AJE#11	4/30/2020	Transfer from Water Capital Fund	02-00-5707-000 WS-02	2,048,397.22	
AJE#11	4/30/2020	Prof Services-Engineering	02-85-6252-112 WS-02		-4,847.03
AJE#11	4/30/2020	Water IEPA Capital	02-85-6700-000 WS-02		-1,573,215.62
AJE#11	4/30/2020	SBoC A/P Operating Account	56-00-1012-000 WCF-56	228,469.57	
AJE#11	4/30/2020	IEPA Receivable	56-00-1203-000 WCF-56		-1,815,080.62
AJE#11	4/30/2020	IEPA Receivable	56-00-1203-000 WCF-56		-233,316.60
AJE#11	4/30/2020	IEPA Loan Payable	56-00-2002-400 WCF-56	2,048,397.22	
AJE#11	4/30/2020	Prof Services-Engineering	56-95-6252-112 WCF-56	4,847.03	
AJE#11	4/30/2020	Transfer to Water Fund	56-95-6507-000 WCF-56		-2,048,397.22
AJE#11	4/30/2020	Capitalized Assets	56-95-6700-000 WCF-56	1,815,080.62	
Entry to close out activity in Fund 56 and move into Fund 02					
AJE#12	4/30/2020	IEPA Loan Payable	02-00-2002-400 WS-02	1,500,000.00	
AJE#12	4/30/2020	Grants	02-00-5109-000 WS-02		-1,500,000.00
Entry to record current year IEPA loan activity					
AJE#13	4/30/2020	Misc. Income	01-00-5105-000 GF-01	510,000.00	
AJE#13	4/30/2020	Sale of Capital Assets	01-00-5125-000 GF-01		-510,000.00
Entry to move Proceeds from sale of capital assets from misc. income					

Number	Date	Name	Account No	Debit	Credit
AJE#14	4/30/2020	SBoC Revenue Account	01-00-1010-000 GF-01	188.83	
AJE#14	4/30/2020	SBoC A/P Operating Account	01-00-1012-000 GF-01	1,748.77	
AJE#14	4/30/2020	Misc. Income	01-00-5105-000 GF-01		-1,937.60
AJE#14	4/30/2020	SBoC Revenue Account	11-00-1010-000 911F-11		-188.83
AJE#14	4/30/2020	SBoC A/P Operating Account	11-00-1012-000 911F-11		-1,748.77
AJE#14	4/30/2020	Ameritech Line Charges	11-95-6204-000 911F-11	1,937.60	
Entry to record 911 activity in the General Fund					
AJE#15	4/30/2020	Accrued Vacation Pay	02-00-2007-020 WS-02	3,226.29	
AJE#15	4/30/2020	Regular Salaries	02-85-6102-000 WS-02		-3,226.29
AJE#15	4/30/2020	Excess Rev. over Exp.	99-00-3065-000 G-99		-782.19
AJE#15	4/30/2020	Change in Comp Abs-GG	99-00-5002-000 G-99	9,472.91	
AJE#15	4/30/2020	Change in Comp Abs-PS	99-00-5003-000 G-99	7,385.29	
AJE#15	4/30/2020	Change in Comp Abs-PW	99-00-5004-000 G-99		-16,076.01
Entry to reclassify change in compensated absences					
AJE#16	4/30/2020	SBoC A/P Operating Account	01-00-1012-000 GF-01		-76,036.51
AJE#16	4/30/2020	Transfer to Bond Fund (NEW)	01-92-6667-000 GF-01	76,036.51	
AJE#16	4/30/2020	SBoC A/P Operating Account	53-00-1012-000 BF-53	76,036.51	
AJE#16	4/30/2020	Transfer from General Fund	53-00-5700-000 BF-53		-76,036.51
Entry to record transfer to eliminate cash deficits					
AJE#17	4/30/2020	Payroll Imprest Account	01-00-1037-000 GF-01		-292.33
AJE#17	4/30/2020	Interest Income	01-00-5102-000 GF-01	292.33	
AJE#17	4/30/2020	SBoC Bond Acct	53-00-1037-000 BF-53	292.33	
AJE#17	4/30/2020	Interest Income	53-00-5102-000 BF-53		-292.33
Entry to record interest income in the proper fund (out of General and into Bond)					
AJE#18	4/30/2020	SBoC Revenue Account	50-00-1010-000 CI-50		-111,792.06
AJE#18	4/30/2020	SBoC State Shared Revenues	50-00-1013-000 CI-50	144,853.00	
AJE#18	4/30/2020	Transfer from Road Improvement Bond	50-00-5705-000 CI-50		-33,060.94
AJE#18	4/30/2020	SBoC Revenue Account	52-00-1010-000 RIB-52	111,792.06	
AJE#18	4/30/2020	SBoC State Shared Revenues	52-00-1013-000 RIB-52		-144,853.00
AJE#18	4/30/2020	Transfer to Capital Improvement Fund	52-95-6607-000 RIB-52	33,060.94	
Entry to close Fund 52 and move into Fund 50					
AJE#19	4/30/2020	Deferred Outflows - ARO	02-00-1603-000 WS-02	29,348.00	
AJE#19	4/30/2020	Asset Retirement Obligation	02-00-2049-000 WS-02		-30,000.00
AJE#19	4/30/2020	Amortization Expense - ARO	02-85-6900-000 WS-02	652.00	
Entry to record the Village asset retirement obligation					

Number	Date	Name	Account No	Debit	Credit
AJE#20	4/30/2020	Postage Smoke Signals	01-00-1040-200 GF-01		-300.00
AJE#20	4/30/2020	Postage Meter-Office	01-00-1040-300 GF-01		-500.00
AJE#20	4/30/2020	Postage Deposit Vehicle Stickers	01-00-1040-400 GF-01		-164.00
AJE#20	4/30/2020	Misc. Expense	01-21-6247-000 GF-01	164.00	
AJE#20	4/30/2020	Misc. Expense	01-21-6247-000 GF-01	300.00	
AJE#20	4/30/2020	Misc. Expense	01-21-6247-000 GF-01	500.00	
		Entry to reclass postage balances			

**VILLAGE OF INDIAN HEAD PARK, ILLINOIS**

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

April 30, 2020

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

**SIKICH.COM**

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

Mr. John DuRocher, Village Administrator  
Ms. Argelia Garbacz, Finance Manager  
Village of Indian Head Park, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 Village'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 identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication.

This memorandum is intended solely for the information and use of management and is not intended and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
September 25, 2020

## **DEFICIENCIES**

### **1. Segregation of Duties**

Once of the most important aspects of a system of internal controls is the segregation of duties, asset custody, and transaction authorization and recording. Due to the limited number of staff employed by the Village, we recognize that it is not cost beneficial to segregate these duties. The Board has implemented a rigorous disbursement approval process which can compensate for the lack of segregation of duties. For example, the Board approves all bills and only Board members are authorized signers with two signatures being needed to draw down amounts from the Village's accounts. We recommend that the Board continue its involvement in the billing and disbursement process on an ongoing basis.

### **2. Year End Financial Reporting and Accruals**

It was noted that many adjustments to the trial balance were necessary. It is recommended that the Village adopt and implement a process for year end processing and accruals.

## **OTHER COMMENTS**

### **1. Future Accounting Pronouncements**

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

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and aims to enhance comparability of financial statements among governments. This statement also requires additional notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this statement are effective for the fiscal year ending April 30, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improved required note disclosures. This statement is effective for fiscal year ending April 30, 2022.

## **OTHER COMMENTS (Continued)**

### **1. Future Accounting Pronouncements (Continued)**

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, was issued in June 2018 and provides guidance for interest cost incurred before the end of a construction period, including interest previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for the fiscal year ending April 30, 2021.

GASB Statement No. 92, *Omnibus 2020*, addresses a variety of topics including: The effective date of Statement No. 87 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73 to Certain Provisions of GASB Statement Nos. 67 and 68, as amended, and No. 74, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements of this Statement are effective for the fiscal years ending April 30, 2022 and thereafter, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The London Interbank Offered Rate (LIBOR), a result of global reference rate reform, is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for fiscal year ending April 30, 2021.

## OTHER COMMENTS (Continued)

### 1. Future Accounting Pronouncements (Continued)

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 is effective for fiscal year ending April 30, 2024.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued to provide temporary relief to governments and other stakeholders due to the COVID-19 pandemic.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

## **OTHER COMMENTS (Continued)**

### **1. Future Accounting Pronouncements (Continued)**

GASB Statement No. 96, *Solution-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. This Statement is effective for fiscal year ending April 30, 2024.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements no. 14 and No. 84, and a supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for the fiscal year ending April 30, 2021. Earlier application is encouraged if Statement No. 84, as amended, has been implemented.

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, 2019**

**DEFICIENCIES**

**1. Segregation of Duties**

Once of the most important aspects of a system of internal controls is the segregation of duties, asset custody, and transaction authorization and recording. Due to the limited number of staff employed by the Village, we recognize that it is not cost beneficial to segregate these duties. The Board has implemented a rigorous disbursement approval process which can compensate for the lack of segregation of duties. For example, the Board approves all bills and only Board members are authorized signers with two signatures being needed to draw down amounts from the Village's accounts. We recommend that the Board continue its involvement in the billing and disbursement process on an ongoing basis.

**Status:** Comment still applicable as of April 30, 2020. See current year comment.

**2. Year End Financial Reporting and Accruals**

It was noted that many adjustments to the trial balance were necessary during the audit. It is recommended that the Village adopt and implement a process for year end processing and accruals that may be followed.

**Status:** Comment still applicable as of April 30, 2020. See current year comment.

# FIRM PROFILE



## ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has 1,000+ professionals throughout the country. Founded in 1982, Sikich now ranks within the country's top 30 largest Certified Public Accounting firms and is among the top one percent of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

## INDUSTRIES

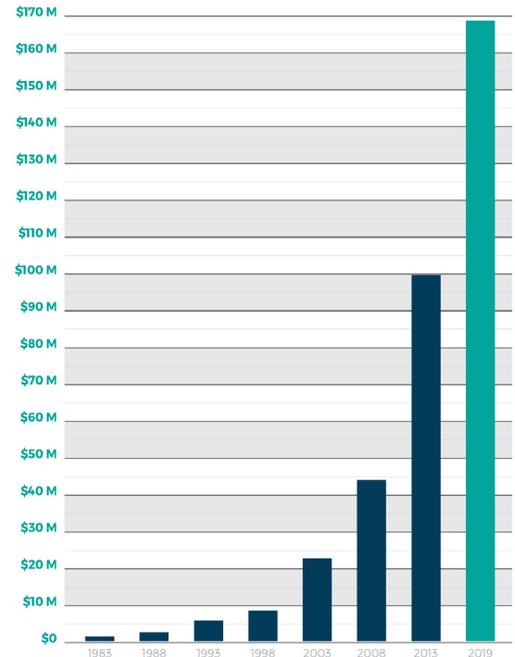
Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

AGRICULTURE	AUTOMOTIVE	CONSTRUCTION & REAL ESTATE
DISTRIBUTION & SUPPLY CHAIN	GOVERNMENT	HIGH-TECH
LIFE SCIENCES	MANUFACTURING	NOT-FOR-PROFIT
PRIVATE EQUITY	PROFESSIONAL SERVICES	

## STATISTICS

2019 Revenue ..... \$167.4M  
 Total Partners ..... 100+  
 Total Personnel ..... 1,000+  
*Personnel count as of January 1, 2020*

## SIKICH TOTAL REVENUE



## SERVICES

### ACCOUNTING, TAX & ASSURANCE

### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance
- Digital Transformation Consulting

### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Capital Management & Payroll Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Transaction Advisory Services
- Wealth Management

\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.  
 \*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.



● SIKICH. LOCATIONS\*  
 ● PRIME GLOBAL PARTNERS

<b>Alexandria, VA</b> (703) 836-1350	<b>Chicago, IL</b> (312) 648-6666	<b>Denver, CO</b> (720) 200-0142	<b>Milwaukee, WI</b> (262) 754-9400	<b>Springfield, IL</b> (217) 793-3363
<b>Akron, OH</b> (330) 864-6661	<b>Crofton, MD</b> (410) 451-5150	<b>Indianapolis, IN</b> (317) 842-4466	<b>Minneapolis, MN</b> (331) 229-5235	<b>St. Louis, MO</b> (314) 275-7277
<b>Boston, MA</b> (508) 485-5588	<b>Decatur, IL</b> (217) 423-6000	<b>Los Angeles, CA</b> (877) 279-1900	<b>Naperville, IL</b> (630) 566-8400	

## CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality

Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2017 Sikich LLP received its 10th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## AWARDS

### 2018-2020 AWARDS

- 2020 & 2019 Oracle® NetSuite 5 Star Award
- 2019/2020 & 2018/2019 Inner Circle for Microsoft Dynamics
- *Accounting Today* Top 100 Firms - ranked top 30 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs) 2020 -ranked #5

### 2017 AWARDS

- Bob Scott's Top 100 (VARs) - ranked #7
- *Accounting Today* Top 100 VARs - ranked #6
- Vault Accounting Top Ranked
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest Companies to Work For®
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Chicago Tribune's* Top Workplaces
- *Crain's List* Chicago's Largest Privately Held Companies - ranked #234
- Boston's 101 Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- National Best and Brightest Companies to Work For

2019/2020  
**INNERCIRCLE**  
*for Microsoft Business Applications*

## SIKICH IS PROUD TO BE PART OF:

### PRIMEGLOBAL

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

