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Board of Trustees and Management
Village of La Grange Park
La Grange Park, Illinois

As part of our audit of the financial statements of the Village of La Grange Park as of and for the year ended April 30, 2020, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Significant Accounting Policies

The Village's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Pension and other postemployment benefit costs and liabilities are based on actuarial assumptions and are subject to uncertainties of future events.

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Long-term debt obligations of the Village, including future maturities
- Other post-employment benefits and pension benefits under Illinois Municipal Retirement Fund and the Village's Police Pension Fund

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- See attached

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Auditor's Judgments About the Quality of the Village's Accounting Principles

During the course of the audit, we made the following observations regarding the Village's application of accounting principles:

- No matters are reportable.

Disagreements With Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable.

Consultation With Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable.

Significant Issues Discussed With Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable.

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- No matters are reportable.

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Village of La Grange Park as of and for the year ended April 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the 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 below, we identified a deficiency 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 Village's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

We observed the following matter that we consider to be a significant deficiency.

Significant Deficiency

Comments: As in previous audits, we considered the processes and controls that were in place related to Information Technology (IT). The Village does not have a strategic IT plan and a comprehensive IT policy that deals with the following areas:

- Security and access to server room
- Formal and tested disaster recovery plan

We noted the following deficiencies in the areas of security and disaster recovery plan.

- The Village servers are located in an unlocked room. It is visible and can be accessed by the regular Village employees and visitors.
- The Village does not have a formal and tested disaster recovery plan.

Recommendations: We recommend that the Village confer with its IT consultant to document and adopt a Strategic IT Plan and a comprehensive IT Policy that is suitable to the Village operation.

The formal Strategic IT Plan and IT Policy should address the issue of security and operational continuity.

Management Response: Village management recognizes the importance of maintaining the security of the Village's IT systems. As with all internal control programs, the costs of the controls must be weighed against the added benefits. Village management has consulted with the Village auditors and the Village's IT service provider and is in an ongoing process of determining how to best implement these recommendations within the constraints of the Village's financial and staffing resources. The State of Illinois 2019 capital bill included grant funding for the Village that could be used to reconfigure the server area in order to provide additional security. The State has not yet made those funds available to the Village. Village Management believes the servers are currently reasonably secured due to the limited access to the administrative offices. Additionally, the Village participates in an intergovernmental risk management pool that has provided the Village the opportunity to increase its cyber security coverage and risk assessment tools over the past year.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

New Accounting Pronouncements

GASB Statement No. 83, Certain Asset Retirement Obligations (GASB 83)

GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (ARO). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This statement requires that recognition occurs when the liability is both incurred and reasonably estimable, and it also requires the measurement of an ARO be based on the best estimate of the current value of outlays expected to be incurred. This statement also requires disclosure about the nature of a government's AROs, the methods and assumptions used for the estimated of the liabilities, and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement are effective for financial statements with reporting periods beginning after June 15, 2019.

GASB Statement No. 84, Fiduciary Activities (GASB 84)

GASB 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB 84 is effective for financial statements for fiscal years beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, Leases (GASB 87)

In June 2017, GASB published Statement No. 87, *Leases*. The standard was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new standard establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting **-** A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting **-** A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

The effective date is for periods beginning after June 15, 2021. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (GASB 88)

GASB 88 provides a definition of "debt" for the purposes of note disclosures. That definition is "a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established." This definition is key to knowing what liabilities are included in the disclosure requirements.

The new disclosure requirements include, if material, the amount of unused lines of credit, assets pledged as collateral for debt and certain debt agreement terms. In addition, the standard requires separate disclosures for direct borrowings from other debt. A nonauthoritative, illustrative disclosure is included in an appendix to the statement.

The requirements of this statement are effective for periods beginning after June 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period (GASB 89)

GASB 89 requires financial statements prepared using the economic resources measurement focus to recognize interest cost incurred before the end of a construction period as an expense in the period in which the cost is incurred. Such interest cost will not be capitalized as part of the historical cost of a capital asset.

It also requires that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period is to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB 89 is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61 (GASB 90)

GASB 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.

This statement also provides guidance for a component unit in which a government has a 100% equity interest.

GASB 90 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 91, Conduit Debt Obligations (GASB 91)

GASB 91 establishes consistent recognition, measurement and disclosure between governments for conduit debt obligations. The guidance clarifies the existing definition of a conduit debt obligation, establishes a single method of reporting for issuers and enhances note disclosures.

GASB 91 is effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, Omnibus 2020 (GASB 92)

GASB 92 addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to leases, intra-entity transfers, fiduciary activities and fair value disclosures.

GASB 92 is effective for reporting periods based on individual topics discussed therein. Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.

GASB Statement No. 93, Replacement of Interbank Offered Rates (GASB 93)

GASB 93 addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR 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 93 is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94)

GASB 94 establishes the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). The statement also provides uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB 94 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95)

In response to the challenges arising from COVID-19, on May 7, 2020, GASB approved Statement 95. GASB approved an 18-month postponement for GASB 87. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement. This change is effective immediately. Early application is still encouraged. The effective dates on GASBs discussed above have already been adjusted to account for the postponements issued in GASB 95.

The new effective dates are listed below:

- Statement 83 – reporting periods beginning after June 15, 2019
- Statement 84 and Implementation Guide 2019-2 – reporting periods beginning after December 15, 2019
- Statement 87 and Implementation Guide 2019-3 – fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Statement 88 – reporting periods beginning after June 15, 2019
- Statement 89 – reporting periods beginning after December 15, 2020
- Statement 90 – reporting periods beginning after December 15, 2019
- Statement 91 – reporting periods beginning after December 15, 2021
- Statement 92, paragraphs 6 and 7 – fiscal years beginning after June 15, 2021
- Statement 92, paragraphs 8, 9 and 12 – reporting periods beginning after June 15, 2021
- Statement 92, paragraph 10 – government acquisitions occurring in reporting periods beginning after June 15, 2021
- Statement 93, paragraphs 13 and 14 – fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Implementation Guide 2017-3, Questions 4.484 and 4.491 – the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019
- Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245 and 5.1-5.4 – actuarial valuations as of December 15, 2018, or later
- Implementation Guide 2018-1 – reporting periods beginning after June 15, 2019
- Implementation Guide 2019-1 – reporting periods beginning after June 15, 2020

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96)

GASB 96 provides guidance on governments utilizing more cloud-based solutions for their information technology (IT) needs and paying for the use of third-parties' IT software on a subscription basis. The accounting and financial reporting for what GASB refers to as subscription-based information technology arrangements (SBITAs) has been inconsistent because of a lack of authoritative guidance. The standard is effective for reporting periods after June 15, 2022, and all reporting periods thereafter, with early implementation encouraged. The statement would be applied retroactively, using the facts and circumstances that exist at the beginning of the fiscal year of implementation. Due to the COVID-19 pandemic, the effective date was delayed one year from that originally proposed.

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 Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32 (GASB 97)

GASB 97 amends guidance for determining financial accountability between the primary government and a potential component unit (PCU). The new guidance pertains to instances where the PCU does not have its own governing board and the primary government's board is effectively acting as the board of the PCU. In these instances, the primary government is considered to have the equivalent of the ability to appoint a voting majority of the PCU. However, this treatment would not apply to defined contribution pension/OPEB plans or defined contribution other employee benefit plans (such as IRC 457 plans). The requirements, as they relate to defined contribution pension/OPEB plans or other employee benefit plans, were effective upon issuance of GASB 97. For all other arrangements, the effective date is for fiscal periods beginning after June 15, 2021.

GASB 97 also amends the criterion that a financial benefit or burden relationship exists if the primary government is legally obligated or has otherwise assumed the responsibility to make contributions to a pension or OPEB plan. This criterion now only applies to contribution obligations to defined benefit pension or OPEB plans. This amended criterion was effective upon issuance of GASB 97.

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This communication is intended solely for the information and use of management, the Village Board, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Oakbrook Terrace, Illinois
October 26, 2020

Client: ***1163519 - Village of LaGrange Park***
Engagement: ***Village of LaGrange Park***
Period Ending: ***4/30/2020***
Trial Balance: ***515 - TB***
Workpaper: ***530 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**Y.001**		
To record the beginning fund balance of the Foreign Fire Fund.				
50-10-0-000	Cash Foreign Fire		34,509.00	
50-30-0-000	Fund Balance			34,509.00
Total			**34,509.00**	**34,509.00**
Adjusting Journal Entries JE # 2		**Y.001**		
To record the current transaction of Foreign Fire Fund.				
50-10-0-000	Cash Foreign Fire		6,029.00	
50-42-1-000	Public Safety		10,161.00	
50-50-4-400	Intergovernmental			16,190.00
Total			**16,190.00**	**16,190.00**
Adjusting Journal Entries JE # 3		**D.105a**		
PBC AJE: To adjust the actual levy for the Village Market TIF and the 31st Barnsdale TIF.				
80-14-8-100	PROPERTY TAX RECEIVABLE		9,030.00	
81-14-8-100	PROPERTY TAX RECEIVABLE		49,396.00	
80-27-0-000	DEFERRED PROPERTY TAX			9,030.00
81-27-0-000	DEFERRED PROPERTY TAX			49,396.00
Total			**58,426.00**	**58,426.00**
Adjusting Journal Entries JE # 4		**555.001**		
PBC AJE - To correct and reclassify the accounts.				
01-26-0-050	TREE PLANTING DEPOSITS		2,844.00	
03-28-0-000	DUE TO/(FROM) OTHER FUNDS		86,903.00	
05-11-0-199	EQUITY IN POOLED FUND		86,903.00	
90-20-0-500	DUE TO WATER FUND		86,903.00	
99-50-9-950	CONTRIBUTION OF CAPITAL ASSETS		1,904,937.00	
01-44-3-322	TREE MAINTENAN CE			2,844.00
03-11-0-199	EQUITY IN POOLED FUND			86,903.00
05-28-0-000	DUE TO/(FROM) OTHER FUNDS			86,903.00
90-20-0-510	DUE TO SEWER FUND			86,903.00
99-99-8-850	CAPITAL ASSET ADDITIONS			1,904,937.00
Total			**2,168,490.00**	**2,168,490.00**
Adjusting Journal Entries JE # 6		**L.506**		
To adjust the current movement of total OPEB liability, DOOR, DIOR and OPEB expense for FY 2020.				
03-41-6-610	HEALTH & LIFE INSURANCE		2,477.00	
03-44-6-610	HEALTH & LIFE INSURANCE		306.00	
05-41-6-610	HEALTH & LIFE INSURANCE		1,336.00	
05-44-6-610	HEALTH & LIFE INSURANCE		165.00	
03-23-6-400	TOTAL OPEB LIABILITY			2,783.00
05-23-6-400	TOTAL OPEB LIABILITY			1,501.00
Total			**4,284.00**	**4,284.00**
Adjusting Journal Entries JE # 7		**L.506**		
To recognize the current portion of total OPEB liabilities based on current benefit payments.				
03-23-6-400	TOTAL OPEB LIABILITY		6,745.00	
05-23-6-400	TOTAL OPEB LIABILITY		3,639.00	
03-23-6-102	TOTAL OPEB LIABILITY - CURRENT			6,745.00
05-23-6-102	TOTAL OPEB LIABILITY - CURRENT			3,639.00
Total			**10,384.00**	**10,384.00**
Adjusting Journal Entries JE # 8		**L.465**		
To adjust the current movement and activity on police pension NPL, DOOR, DIOR and Pension Expense.				
99-19-9-350	DEFERRED OUTFLOW - POLICE		1,098,263.00	
99-29-9-350	DEFERRED INFLOW - POLICE		228,617.00	
99-30-0-000	FUND BALANCE		756,106.00	
99-23-6-350	NET PENSION LIABILITY - POLICE			2,082,986.00
Total			**2,082,986.00**	**2,082,986.00**
Adjusting Journal Entries JE # 9		**L.420**		
To adjust the governmental activities portion of the IMRF movement for FY2020.				
99-23-6-300	NET PENSION LIABILITY - IMRF		1,213,439.00	
99-19-9-300	DEFERRED OUTFLOW - IMRF			783,524.00
99-29-9-300	DEFERRED INFLOW - IMRF			410,949.00

Client: ***1163519 - Village of LaGrange Park***
Engagement: ***Village of LaGrange Park***
Period Ending: ***4/30/2020***
Trial Balance: ***515 - TB***
Workpaper: ***530 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
99-30-0-000	FUND BALANCE			18,966.00
Total			**1,213,439.00**	**1,213,439.00**
Adjusting Journal Entries JE # 10		**L.420**		
To adjust the water portion of the IMRF movement in FY2020.				
03-23-6-300	NET PENSION LIABILITY - IMRF		204,935.00	
03-19-9-300	DEFERRED OUTFLOW - IMRF			132,328.00
03-29-9-300	DEFERRED INFLOW - IMRF			69,404.00
03-41-6-699	Pension Expense IMRF			833.00
03-44-6-699	Pension Expense IMRF			2,370.00
Total			**204,935.00**	**204,935.00**
Adjusting Journal Entries JE # 11		**L.420**		
To adjust the sewer portion of the IMRF movement for FY2020.				
05-23-6-300	NET PENSION LIABILITY - IMRF		79,698.00	
05-19-9-300	DEFERRED OUTFLOW - IMRF			51,462.00
05-29-9-300	DEFERRED INFLOW - IMRF			26,991.00
05-41-6-699	Pension Expense IMRF			622.00
05-44-6-699	Pension Expense IMRF			623.00
Total			**79,698.00**	**79,698.00**
Adjusting Journal Entries JE # 14		**L.506**		
To adjust the current movement on Total OPEB Liability related to the governmental funds.				
99-30-0-000	FUND BALANCE		32,328.00	
99-23-6-400	TOTAL OPEB LIABILITY			32,328.00
Total			**32,328.00**	**32,328.00**
Adjusting Journal Entries JE # 15		**561.001**		
PBC AJE: To adjust the investment in joint venture account at 04.30.2020.				
99-19-5-000	INVESTMENT IN JOINT VENTURE		403,637.00	
99-30-0-000	FUND BALANCE			403,637.00
Total			**403,637.00**	**403,637.00**

VILLAGE OF
LA GRANGE PARK
EST. 1892

October 26, 2020

BKD, LLP
Certified Public Accountants
1901 S. Meyers Road, Suite 500
Oakbrook Terrace, Illinois 60181

We are providing this letter in connection with your audits of our financial statements as of and for the year ended April 30, 2020. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated March 30, 2020, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

   (b) Additional information that you have requested from us for the purpose of the audit.

   (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   (d) All minutes of meetings of the governing body held through the date of this letter.

   (e) All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net position.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

9. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village received in communications from employees, customers, regulators, suppliers or others.

11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term <u>related party</u> refers to an affiliate;

management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

12. Except as reflected in the financial statements, there are no:

    (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    (b) Material transactions omitted or improperly recorded in the financial statements.

    (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

    (e) Agreements to purchase assets previously sold.

    (f) Restrictions on cash balances or compensating balance agreements.

    (g) Guarantees, whether written or oral, under which the Village is contingently liable.

13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

14. We have no reason to believe the Village owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

16. Adequate provisions and allowances have been accrued for any material losses from:

    (a) Uncollectible receivables.

    (b) Reducing obsolete or excess inventories to estimated net realizable value.

(c) Sales commitments, including those unable to be fulfilled.

(d) Purchase commitments in excess of normal requirements or above prevailing market prices.

17. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

19. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

20. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the draft financial statements.

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

21. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

22. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

23. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, (budgetary comparisons, pension and other postemployment benefit information), has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

24. With regard to supplementary information:

    (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

    (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

    (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

    (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

    (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

25. With respect to your audit of the TIF funds, we are responsible for understanding and complying with the provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing," and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we may have disclosed to you, we believe the Village has complied with all applicable compliance requirements.

26. We acknowledge the current protracted economic decline continues to present difficult circumstances and challenges for governments. Governmental entities are facing declines in the fair values of investments and other assets, as well as declines in revenues. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values and allowances for accounts receivable that could negatively impact the Village's ability to meet debt covenants or maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Village's financial statements. Further, management and the Board are solely responsible for all aspects of managing the Village, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.

Julia Cedillo, Village Manager

Larry Noller, Finance Director

Village of LaGrange Park

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	33,412,952	105,407	33,518,359	0.32%
Total Liabilities & Deferred Inflows	(28,399,407)	(21,898)	(28,421,305)	0.08%
Total Net Position	(5,013,545)	(83,509)	(5,097,054)	1.67%
General Revenues & Transfers	(10,039,605)		(10,039,605)	
Net Program Revenues/ Expenses	9,106,212	(56,516)	9,049,696	-0.62%
Change in Net Position	(933,393)	(56,516)	(989,909)	6.05%

Verify Debits and Credits have been entered correctly on the Menu-GA Tab

Client: Village of LaGrange Park

Period Ending: April 30, 2020

Governmental Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets DR (CR)	Liabilities DR (CR)	General Revenues & Transfers DR (CR)	Net Program Revenues/ Expenses DR (CR)	Net Position DR (CR)	Net Effect on Following Year: *Change in Net Position* DR (CR)	Net Effect on Following Year: *Net Position* DR (CR)
To record the difference in net position used by the IMRF actuary vs. the audited IMRF statement of net position to determine the net pension liability share of the Village at 12.31.2019.		F	87,571	(21,898)	0	(38,680)	(26,993)	0	0
	Net pension asset		87,571						
	Net position						(26,993)		
	Deferred inflows of resources - pensions			(21,898)					
	Pension expense					(38,680)			
To record the difference between the audited equity share of the Village vs. the estimate.		F	17,836	0	0	(17,836)	0	0	0
	Public Safety Expense					(17,836)			
	Investment in Joint Venture		17,836						
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0

Total passed adjustments	105,407	(21,898)	0	(56,516)	(26,993)	0	0
			Impact on Change in Net Position		**(56,516)**		
			Impact on Net Position		**(83,509)**		

Village of LaGrange Park
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	21,644,733	20,541	21,665,274	0.09%
Total Liabilities & Deferred Inflows	(2,957,262)	(5,137)	(2,962,399)	0.17%
Total Net Position	(18,687,471)	(15,404)	(18,702,875)	0.08%
General Revenues & Transfers	(74,731)		(74,731)	
Net Program Revenues/ Expenses	(1,796,284)	(9,072)	(1,805,356)	0.51%
Change in Net Position	(1,871,015)	(9,072)	(1,880,087)	0.48%

Verify Debits and Credits have been entered correctly on the Menu-GA Tab

Client: Village of LaGrange Park

Period Ending: April 30, 2020

Business Type Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets DR (CR)	Liabilities DR (CR)	General Revenues & Transfers DR (CR)	Net Program Revenues/ Expenses DR (CR)	Net Position DR (CR)	Net Effect on Following Year: *Change in Net Position* DR (CR)	Net Effect on Following Year: *Net Position* DR (CR)
To record the difference in net position used by the IMRF actuary vs. the audited IMRF statement of net position to determine the net pension liability share of the Village at 12.31.2019.		F	20,541	(5,137)	0	(9,072)	(6,332)	0	0
	Net pension asset		20,541						
	Net position						(6,332)		
	Deferred inflows of resources - pensions			(5,137)					
	Pension expense					(9,072)			
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
			0	0	0	0	0	0	0
Total passed adjustments			20,541	(5,137)	0	(9,072)	(6,332)	0	0

Impact on Change in Net Position	**(9,072)**

Impact on Net Position	**(15,404)**

Village of LaGrange Park

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Water Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	4,129,164		4,129,164	
Non-Current Assets & Deferred Outflows	7,046,465	15,136	7,061,601	0.21%
Current Liabilities	(241,452)		(241,452)	
Non-Current Liabilities & Deferred Inflows	(221,141)	(3,785)	(224,926)	1.71%
Current Ratio	17.101		17.101	
Total Assets & Deferred Outflows	11,175,629	15,136	11,190,765	0.14%
Total Liabilities & Deferred Inflows	(462,593)	(3,785)	(466,378)	0.82%
Total Net Position	(10,713,036)	(11,351)	(10,724,387)	0.11%
Operating Revenues	(4,442,503)		(4,442,503)	
Operating Expenses	3,120,098	(6,686)	3,113,412	-0.21%
Nonoperating (Revenues) Exp	(47,449)		(47,449)	
Change in Net Position	(1,369,854)	(6,686)	(1,376,540)	0.49%

Client: Village of LaGrange Park

Period Ending: April 30, 2020

Water Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

			Assets & Deferred Outflows		Liabilities & Deferred Inflows						Net Effect on Following Year	
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	*Current* DR (CR)	*Noncurrent* DR (CR)	*Current* DR (CR)	*Noncurrent* DR (CR)	Operating Revenues DR (CR)	Operating Expenses DR (CR)	Nonoperating (Revenues) Exp DR (CR)	Net Position DR (CR)	*Change in Net Position* DR (CR)	*Net Position* DR (CR)
To record the difference in net position used by the IMRF actuary vs. the audited IMRF statement of net position to determine the net pension liability share of the Village at 12.31.2019.		F	0	15,136	0	(3,785)	0	(6,686)	0	(4,665)	0	0
	Net pension asset			15,136								
	Net position									(4,665)		
	Deferred inflows of resources - pensions					(3,785)						
	Pension expense							(6,686)				
			0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
Total passed adjustments			0	15,136	0	(3,785)	0	(6,686)	0	(4,665)	0	0

Impact on Change in Net Position	**(6,686)**
Impact on Net Position	**(11,351)**