

VILLAGE OF JOHNSBURG, ILLINOIS

REQUEST FOR PROPOSALS – PROFESSIONAL AUDITING SERVICES

ADDENDUM NO. 1 – RESPONSES TO QUESTIONS

October 12, 2026

The following responses are provided in connection with the Village's Request for Proposals for Professional Auditing Services beginning with the fiscal year ending April 30, 2027. All other terms and conditions of the RFP remain unchanged.

Prior Audits and Auditor Relationship

1. Why is the Village issuing an RFP?

Lauterbach & Amen has assumed responsibility for the Village's accounting and finance services and can no longer serve as the Village's independent auditor.

2. How long has the prior auditor served the Village, and are they eligible to bid?

Lauterbach & Amen has served as the Village's auditor since FY2016. The firm will not be submitting a proposal.

3. Were there any disagreements with the prior auditor regarding accounting principles, audit adjustments, scope, or procedures?

No.

4. What were the prior audit fees, including additional billings and hours?

The Village's prior audit engagements were performed on a fixed-fee basis rather than hourly billing.

- FY2024: \$21,210
- FY2025: \$24,400
- FY2026: Audit in progress; final fee not yet available.

Audit engagements were billed on a fixed-fee basis.

5. What caused the delays in completing prior audits, and what has changed?

The delays were primarily attributable to staff turnover and challenges with accounting oversight and year-end audit preparation. The Village has since engaged Lauterbach & Amen to manage its accounting and finance functions, including year-end closing and audit preparation.

6. What is the status of the FY2026 audit, and when is the report expected?

The FY2026 audit is underway, with the final report anticipated in the first quarter of 2027.

Financial Statements, Findings and Adjustments

7. Can the Village provide prior audited financial statements, independent auditor reports, management letters, and Single Audit reports?

The FY2024 and FY2025 audited financial statements are available on the Village's website:

<https://www.johnsburg.org/services/finance/audit.php>

Also see attachments following this addendum.

8. Were any material weaknesses, significant deficiencies, or management letter comments identified in prior audits?

See attachments following this addendum.

9. Can the Village provide prior audit adjusting and reclassifying entries, including the number proposed?

The FY2026 audit adjusting entries are included at the end of this addendum.

Audit Scope and Accounting Services

10. What services did the prior auditor provide, and what assistance will the Village require going forward?

The prior auditor performed the annual audit and prepared the Annual Comprehensive Financial Report (ACFR) and related financial reporting.

The Village, through its accounting and finance services provider, will maintain the accounting records and prepare year-end reconciliations, fixed asset schedules, and necessary accounting adjustments.

Proposals should include ACFR preparation, applicable GASB reporting assistance, State Comptroller reporting, and other services identified in the RFP.

11. Has the Village implemented GASB Statements 87, 96, and 101?

Yes.

12. Will the Village continue reporting all governmental and enterprise funds as major funds?

The Village anticipates continuing its current financial statement presentation, with major fund determinations reviewed annually in accordance with GASB requirements.

13. Does the Village require an annual TIF examination report, and should it be included in the base audit proposal?

Yes. The annual TIF examination and related reports should be included in the audit proposal.

Audit Preparation and Fieldwork

14. When are the Village's accounting records typically ready for audit?

The Village has experienced delays in prior years but anticipates returning to the audit schedule outlined in the RFP.

15. How many days was the prior auditor typically onsite?

Approximately three days.

16. Were prior audits performed remotely, and is remote fieldwork acceptable?

Remote fieldwork is acceptable, with onsite fieldwork as needed.

17. Does the Village maintain electronic supporting documentation, and can auditors access it remotely?

The Village uses BS&A .NET and maintains electronic financial records and supporting documentation. Records can be provided electronically for remote audit procedures.

Accounting Systems and Internal Controls

18. What internal control documentation does the Village maintain?

The Village maintains fiscal policies and is continuing to develop and document internal control procedures for its accounting functions.

19. Are any bank accounts or funds maintained outside the Village's accounting system?

No. All Village bank accounts and funds are recorded in BS&A.

20. How are compensated absences tracked and calculated, and did the prior auditor calculate the balances?

Compensated absences are tracked and calculated using Excel schedules prepared by the Village. The Village will continue preparing these calculations.

Pension, OPEB and Actuarial Reporting

21. Who are the Village's OPEB and Police Pension actuaries, and when are the reports available?

Lauterbach & Amen provides the Village's OPEB and Police Pension actuarial services. The reports are coordinated with the annual audit schedule and applicable reporting deadlines.

Federal Grants and Single Audit

22. Does the Village anticipate exceeding \$1 million in federal expenditures during FY2027, and who maintains the grant records?

No. The Village does not anticipate federal expenditures exceeding \$1 million during FY2027.

Grant accounting and reporting are maintained through the Village's finance function, with support from Lauterbach & Amen.

Future Operations and Other Matters

23. Are significant changes in operations, key personnel, accounting systems, or major capital projects anticipated?

The Village transitioned its accounting and finance services to Lauterbach & Amen and experienced a change in administrative leadership effective October 1, 2026.

No significant changes to the accounting system, or major capital projects are currently planned.

24. Has the Village issued new debt during FY2027, or are future issuances anticipated?

No new debt issuances are anticipated during FY2027.

25. Are there any pending or significant litigation matters?

Yes

VILLAGE OF JOHNSBURG, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2024

1515 Channel Beach Ave.
Johnsburg, IL 60051
Phone: 815.385.6023
www.johnsburg.org



April 24, 2025

The Honorable Village President
Members of the Board of Trustees
Village of Johnsburg, Illinois

In planning and performing our audit of the financial statements of the Village of Johnsburg (the Village), Illinois, for the year ended April 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Johnsburg, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. **FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY**

Comment

During our current year-end audit procedures, we noted the following fund with fund balance that was not in compliance with the Board approved fund balance policy:

	<u>Per 2024 Budget</u>	<u>Unrestricted Fund Balance per ACFR</u>	<u>Amount Not In Compliance</u>
General Fund			
Minimum			
Operating Expenditures	6,779,378		
X 25% per policy	25%		
	<u>1,694,845</u>	981,169	713,676

Recommendation

We recommend the Village investigate the fund balance and adopt future budgets to address these items not in compliance.

Management Response

At such time as the Village Board adopted the Fund Balance Policy, it also approved a plan to increase the fund balance with annual contributions to be in compliance with the policy. The Village has been making contributions annually in compliance with that plan.

PRIOR RECOMMENDATIONS

1. JOURNAL ENTRY REVIEW AND APPROVAL

Comment

Previously, errors in journal entries were noted, which affected account balances at year end. We believe that the Village would benefit from a review of its journal entries prior to posting. The Village should consider expanding its internal policy to incorporate journal entry review process.

Recommendation

Although procedures have been improved for the review of journal entries, we still noted multiple instances of journal entries without descriptions or supporting documentation during the current year.

Status

This comment has been implemented and will not be repeated in the future.

2. ACCOUNT RECONCILIATIONS

Comment

Previously and during our current year-end audit procedures, we noted occurrences during the year in which account reconciliations for certain significant accounts were not being performed. The reconciliations not completed were for certain bank accounts, as well as other general ledger accounts such as accounts receivable, accounts payable, and miscellaneous receivables.

Recommendation

We recommended that the bank accounts be reconciled shortly after the end of each month and that any discrepancies be investigated. We also recommended that the accounts receivable, accounts payable and miscellaneous receivables general ledger accounts be reconciled with the detail listings.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management implemented the recommendations when initially made and staff increased the frequency of reconciliations to address this comment, however the timing of the previous year's audit and associated year end journal adjustments creates challenges in reconciling accounts in the current fiscal year. Management will continue to work to address this comment in the coming year.

PRIOR RECOMMENDATIONS – Continued

3. BANK RECONCILIATIONS – RECONCILIATIONS NOT TYING

Comment

Previously and during our current year-end audit procedures, we noted that several bank accounts for the Village's trial balances did not tie to the ending reconciled balance in the bank reconciliations. Therefore, we needed to reconcile the general ledger balances in order to balance to the bank reconciliations.

Recommendation

Bank reconciliations should be updated subsequent to adjusting journal entries in order to ensure that bank reconciliations tie to general ledger cash balances. We recommended as a means of better control, that the Village tie bank reconciliations with the general ledger cash balances each month so that any variances can be investigated and adjusted immediately.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management implemented the recommendation when initially made and staff increased the frequency of reconciliations to address this comment, however the timing of the previous year's audit and associated year end journal adjustments creates challenges in reconciling accounts in the current fiscal year. Management will continue to work to address this comment in the coming year.

4. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our current year-end audit procedures, we noted the following funds with a deficit fund balance:

<u>Fund</u>	<u>April 30,</u> <u>2024</u>	<u>April 30,</u> <u>2023</u>
Golf Course	\$ 45,183	48,835
Land and Building	346	-

Recommendation

We recommended the Village investigate the causes of the deficits and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

4. FUNDS WITH DEFICIT FUND BALANCE - Continued

Management Response

Golf Course – The deficit fund balance resulted from capital improvements pursued at the golf course and as additional revenues are generated, they will be utilized to shore up the deficit fund balance. In fiscal year 2022, the deficit in fund balance decreased by 5.4% compared with fiscal year 2021. In fiscal year 2023 it decreased by 9.5%, and in FY 2024 it decreased by an additional 7.5%.

Land and Building – The deficit fund balance resulted from the closeout of the David G. Dominguez Municipal Facility project and elimination of the Land and Building line item from the tax levy. The appropriate adjustment will be made to address this comment in FY 2025.

5. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

<u>Fund</u>	<u>April 30,</u> <u>2024</u>	<u>April 30,</u> <u>2023</u>
Tax Increment Financing	\$ 98,915	-
Special Service Areas - Custodial	-	95,493

Recommendation

We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Tax Increment Financing – The budgeted expenditure was based upon the estimated tax levy at the time the budget was prepared. The actual expenditure was consistent with the actual tax levy extension.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 100 ACCOUNTING CHANGES AND ERROR CORRECTIONS**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections*, which establishes accounting and financial reporting requirements for (a) accounting changes, and (b) the correction of an error in previously issued financial statements (error correction). Accounting changes are (a) changes in accounting principle, (b) changes in accounting estimates, or (c) changes to or within the financial reporting entity. Error corrections are (a) errors from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were issued, or (b) a change from (i) applying an accounting principle that is not generally accepted to transactions or other events that previously were significant to (ii) applying a generally accepted accounting principle to those transactions or other events is an error correction. GASB Statement No. 100 requires that (a) changes in accounting principal and error corrections are reported retroactively, (b) changes in accounting estimates are reported prospectively, and (c) changes to or within the financial reporting entity should be reported by adjusting the current reporting period's beginning net position, fund balance, or fund net position, as applicable, for the effect of the change as if the change occurred as of the beginning of the reporting period. GASB Statement No. 100, *Accounting Changes and Error Corrections* is applicable to the Village's financial statements for the year ended April 30, 2025.

2. **GASB STATEMENT NO. 101 COMPENSATED ABSENCES**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which establishes standards of accounting and financial reporting for (a) compensated absences, and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The statement requires that a liability should be recognized for any type of leave that has not been used at year-end 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. Examples of leave that should be reviewed, and potentially measured under GASB Statement No. 101 are vacation leave, paid time off leave, holiday leave, and sick leave. Examples of leave that are excluded from GASB Statement No. 101 are parental leave, military leave, and jury duty leave. GASB Statement No. 101, *Compensated Absences* is applicable to the Village's financial statements for the year ended April 30, 2025.

UPCOMING STANDARDS - Continued

3. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that are essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit their ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Village's financial statements for the year ended April 30, 2026.



March 5, 2026

The Honorable Village President
Members of the Board of Trustees
Village of Johnsburg, Illinois

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 Johnsburg (the Village), Illinois for the year ended April 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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 the 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, 2025, except for the implementation of GASB Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the governmental and business-type activities' financial statements are noted below.

Management's estimates of the:

- Depreciation expense on capital assets is based on estimated useful lives of the underlying capital assets
- Compensated absences are based on management assumptions and estimates related to benefit time usage
- Net pension related accounts are based on estimated assumptions used by the actuary
- Total OPEB related accounts are based on estimated assumptions used by the actuary

We evaluated the key factors and assumptions used to develop the above estimate/s in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Findings – Continued

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 clearly trivial, and communicate them to the appropriate level of management. Any material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 March 5, 2026.

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), 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 other supplementary information and supplemental schedules, as listed in the table of contents, 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 the accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, and we do not express an opinion or provide any assurance on it.

Restrictions on Use

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

We wish to express our gratitude to the Board of Trustees and staff (in particular the Finance Department) of the Village of Johnsburg, Illinois for their valuable cooperation throughout the audit engagement.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

VILLAGE OF JOHNSBURG, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2025

1515 Channel Beach Ave.
Johnsburg, IL, 60051
Phone: 815.385.6023
www.johnsburg.com



March 5, 2026

The Honorable Village President
Members of the Board of Trustees
Village of Johnsburg, Illinois

In planning and performing our audit of the financial statements of the Village of Johnsburg (the Village), Illinois, for the year ended April 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Village Manager and senior management of the Village of Johnsburg, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. SECURITY AWARENESS AND MONITORING OF EMERGING RISKS

Comment

Recently, we have noted the increasing importance of information technology (IT) security for local governments. While we did not identify a specific security breach during our auditing procedures, we have noted increased risks to local governments in the following areas of IT security:

- Ransomware and Phishing Attacks – Increasingly targeted at local governments due to limited IT staffing and valuable public data.
- Multi-Factor Authentication (MFA) – This is now considered a minimum standard of protection for access to email, financial systems and remote logins.
- Vendor and Third-Party Risk – Cloud service providers, software vendors, and contractors may present risks if not adequately monitored.
- Data Backup and Recovery – Secure, tested backups are critical to minimize downtime and financial loss in the event of an incident.
- Staff Awareness and Training – Many breaches in local government occur due to human error; regular training and simulated testing can help reduce exposure.

Recommendation

We recommend that the Village continue to increase awareness around IT security issues by:

- Engaging in ongoing monitoring or cyber security trends affecting local governments.
- Incorporating regular staff training on phishing and other social engineering tactics.
- Periodically reviewing policies for password strength, MFA, and incident response.
- Ensuring vendor contracts address security standards and data protection.
- Testing data backup and recovery plans on at least an annual basis.

By increasing awareness and preparedness, the Village can reduce the likelihood of a security incident, protect sensitive constituent and financial data, and help to ensure continuity of operations.

Management Response

Management acknowledges this comment and will continue to monitor and strengthen IT security efforts.

CURRENT RECOMMENDATIONS - Continued

2. INTERFUND RECEIVABLE AND PAYABLES

Comment

During our current year-end audit procedures, the Village creates interfund receivable and payable amounts to the General Fund from the other funds. The interfund balances have not been paid for a few years. This has allowed the interfund balance to remain at \$1,695,969 at current year end.

Recommendation

We recommend that the Village review these balances to understand how the balance has accumulated over time and attempt to eliminate each. We also recommend that the Village review the interfund balances each month as part of its month end close process and attempt to eliminate them at that time.

Management Response

Management acknowledges this comment and will continue to monitor and strengthen IT security efforts.

PRIOR RECOMMENDATIONS

1. ACCOUNT RECONCILIATIONS

Comment

Previously and during our current year-end audit procedures, we noted occurrences during the year in which account reconciliations for certain significant accounts were not being performed. The reconciliations not completed were for certain bank accounts, as well as other general ledger accounts such as accounts receivable, accounts payable, and miscellaneous receivables.

Recommendation

We recommended that the bank accounts be reconciled shortly after the end of each month and that any discrepancies be investigated. We also recommended that the accounts receivable, accounts payable and miscellaneous receivables general ledger accounts be reconciled with the detail listings.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management has been working with the new accounting team to insure that the recommendations are being implemented so that the comment will not be repeated in the future.

2. BANK RECONCILIATIONS – RECONCILIATIONS NOT TYING

Comment

Previously and during our current year-end audit procedures, we noted that several bank accounts for the Village's trial balances did not tie to the ending reconciled balance in the bank reconciliations. Therefore, we needed to reconcile the general ledger balances in order to balance to the bank reconciliations.

Recommendation

Bank reconciliations should be updated subsequent to adjusting journal entries in order to ensure that bank reconciliations tie to general ledger cash balances. We recommended as a means of better control, that the Village tie bank reconciliations with the general ledger cash balances each month so that any variances can be investigated and adjusted immediately.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management has been working with the new accounting team to insure that the recommendations are being implemented so that the comment will not be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

3. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our current year-end audit procedures, we noted the following funds with a deficit fund balance:

<u>Fund</u>	<u>April 30,</u> <u>2025</u>	<u>April 30,</u> <u>2024</u>
Golf Course	\$ -	45,183
Land and Building	346	346

Recommendation

We recommended the Village investigate the causes of the deficits and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work with the new accounting team to close out the deficit fund balance.

PRIOR RECOMMENDATIONS – Continued

4. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year:

Fund	April 30, 2025	April 30, 2024
Tax Increment Financing	\$ -	98,915
Special Service Areas - Custodial	187,787	-

Recommendation

We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work with the new accounting team to implement it in the upcoming year.

PRIOR RECOMMENDATIONS – Continued

5. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

Previously and during our year-end audit procedures, we noted the following funds with fund balances that were not in compliance with the Board approved fund balance policy:

	<u>Per 2024 Budget</u>	<u>Unrestricted Fund Balance per ACFR</u>	<u>Amount Not In Compliance</u>
General Fund			
Minimum			
Operating Expenditures	6,779,378		
X 25% per policy	25%		
	<u>1,694,845</u>	981,169	(713,676)

	<u>Per 2025 Budget</u>	<u>Unrestricted Fund Balance per ACFR</u>	<u>Amount Not In Compliance</u>
General Fund			
Minimum			
Operating Expenditures	6,503,011		
X 25% per policy	25%		
	<u>1,625,753</u>	320,528	(1,305,225)

Recommendation

We recommended the Village investigate the fund balance and adopt future budgets to address these items not in compliance.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

At such time as the Village Board adopted the Fund Balance Policy, it also approved a plan to increase the fund balance with annual contributions to be in compliance with the policy. A portion of the funds were utilized in FY 25 to front capital project expenses and will be recouped. The Village will also continue to make contributions annually in compliance with the plan.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that are essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit their ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Village's financial statements for the year ended April 30, 2026.

2. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Village's financial statements for the year ended April 30, 2027.

Johnsburg				
Audit Journal Entries				
4/30/2025				
AJE	Account	Account		
#	Number	Description	Debit	Credit
1	10-00-311	POLICE PENSION PROPERTY TAX		366,114
	10-50-499	TRANSFER TO POLICE	366,114	
Entry to record transfer to the Police Pension Fund for levied Property Taxes Received				
2	10-05-497	FUND TRANSFERS - DE	472,625	
	10-50-488	DEBT RETIREMENT		326,900
	10-50-489	DEBT SERVICE INTEREST		147,625
	10-50-494	EQUIPMENT	1,900	
	40-05-387	FUND TRANSFER		236,625
	40-00-488	BOND PAYMENTS	115,000	
	40-00-489	DEBT SERVICE INTERE	121,625	
	30-00-288	BONDS PAYABLE SEW	210,000	
	30-00-289	ACCRUED INTEREST P	2,100	
	30-00-387	FUND TRANSFER		236,000
	30-20-489	DEBT SERVICE INTERE	23,900	
Entry to record current year debt activity				
3	30-00-255	UNAMORTIZED DEFERRED AMT ON RE		25,997
	30-00-265	UNAMORTIZED BOND	9,999	
	30-00-269	LAND SEWER IMPV PR	3,125	
	30-40-420	AMORTIZATION EXPEI	12,873	
Entry to adjust unamortized premium/loss				
4	10-00-272	STATE INCOME TAX RECEIVABLE		31,967
	10-00-273	SALES TAX RECEIVAB	7,735	
	10-00-274	PPRT RECEIVABLE		
	10-00-278	TELECOMM RECEIVABLE		956
	10-00-301	LOCAL USE TAX	32,007	
	10-00-302	SALES TAX		6,141
	10-00-303	NON HOME RULE SALES TAX		443
	10-00-306	PERSONAL PROP REPLACEMENT TAX		1,193
	10-00-328	TELECOMMUNICATIO	958	
Entry to adjust state tax revenue and receivable amounts at year end				
5	10-00-276	ACCOUNTS RECEIVAB	6,659	
	10-00-327	UTILITY TAX		6,659
Entry to adjust Telecom/Use/Utility tax revenue and receivable to year end				
6	10-00-100	OLD NATIONAL -GENERAL FUND		38,758

Johnsburg				
Audit Journal Entries				
4/30/2025				
AJE	Account	Account		
#	Number	Description	Debit	Credit
	10-00-154	DUE FROM	38,758	
	50-00-133	SSA# 33 - OLD NATIONAL		13,833
	50-00-169	DUE FROM CUSTODIA	52,591	
	50-00-170	DUE TO/FROM		38,758
	51-00-113	MCH SVGS MM-GENER	13,833	
	51-00-127	SSA #27-AMALGAMAT	18,752	
	51-00-133	SSA 33 BANK ACCOUNT		5,960
	51-00-161	BOND DEBT RESERVE	2,858	
	51-00-165	DUE FROM		52,591
	51-00-168	SSA 32 BANK ACCOUN	2,798	
	51-00-316	TAXES SSA #32		33,512
	51-00-326	TAXES SSA #28		20,005
	51-00-327	TAXES SSA #27		46,672
	51-00-329	TAXES SSA #33		65,485
	51-00-515	SSA #27 PRINCIPAL	35,000	
	51-00-516	SSA #27 INTEREST	16,412	
	51-00-520	SSA #28 PRINCIPAL	15,000	
	51-00-521	SSA #28 INTEREST	4,200	
	51-00-522	SSA #32 PRINCIPAL	30,000	
	51-00-523	SSA #32 INTEREST	14,350	
	51-00-526	CONSTRUCTION	50,000	
	51-00-527	SSA #33 PRINCIPAL	21,022	
	Entry to recognize property tax revenue for SSA's			
7	10-00-284	SALARIES PAYABLE		10,477
	10-50-400	SALARIES ADMINISTR	2,200	
	10-51-400	SALARIES POLICE	6,392	
	10-51-401	OVERTIME SALARIES	314	
	10-53-400	SALARIES PUBLIC WO	1,152	
	10-55-400	PARK SALARIES	419	
	30-00-286	SALARIES PAYABLE		92
	30-01-400	SALARY	32	
	30-03-400	SALARY	53	
	30-10-400	SALARIES	7	
	Entry to adjust accrued payroll			
8	30-00-283	ACCUM DEPRECIATION		415,417
	30-00-499	DEPRECIATION EXPEN	415,417	
	Entry to record Water Fund depreciation expense			

Johnsburg				
Audit Journal Entries				
4/30/2025				
AJE	Account	Account		
#	Number	Description	Debit	Credit
9	10-00-100	OLD NATIONAL -GENE	13,824	
	10-00-217	DUE TO POLICE PENSION		13,824
Entry to remove police pension fund outstanding check and reclassify to interfund				
10	10-00-271	PROPERTY TAX RECEI	46,437	
	10-00-282	DEFERRED REVENUE		46,437
	50-00-271	PROPERTY TAX RECEI	2,502	
	50-00-282	DEFERRED REVENUE		2,502
	51-00-110	PROPERTY TAX RECEIVABLE		825
	51-00-279	DEFERRED PROPERTY	825	
Entry to adjust property tax receivable and deferred				
11	30-00-165	ACCOUNTS RECEIVAB	10,000	
	30-00-350	WATER SALES		10,000
Entry to adjust unbilled utility billing				
12	30-00-107	DEFERRED OUTFLOW		8,696
	30-00-256	NET PENSION LIABILITY	9,930	
	30-00-257	DEFERRED INFLOW		173
	30-40-408	PENSION EXPENSE		1,061
Entry to adjust IMRF net pension liability				
13	10-05-124	GRANTS RECEIVABLE		272,667
	10-05-384	GRANTS	272,667	
Entry to adjust grant receivable that was recognized in prior-year				
14	10-00-125	GASB 87 - LEASE RECEIVABLE		4,101
	10-00-222	GASB 87 - DEFERRED I	4,207	
	10-00-313	WATERTOWER LEASE		94
	10-06-316	GASB 87 - INTEREST INCOME		12
Entry to adjust GASB 87 activity for 2025				
15	30-00-193	SEWER CONSTRUCTIO	1,978,826	
	30-20-490	CONSTRUCTION IMPROVEMENTS		1,978,826
POST DRAFT: Entry to capitalize lift station project				
16	30-00-258	ARPA LIABILITY	866,588	
	30-00-389	GRANT/BOND REVENUE		866,588
POST DRAFT: Entry to recognize ARPA revenue				

Johnsburg				
Audit Journal Entries				
4/30/2025				
AJE	Account	Account		
#	Number	Description	Debit	Credit
17	10-00-104	IL FUNDS-GENERAL FU	293,724	
	10-05-386	TRANSFER FROM CIP		293,724
	70-00-104	IL FUNDS-CAPITAL PLAN SVGS		293,724
	70-00-479	TRANSFER TO GENERA	293,724	
POST DRAFT: Entry to record transfer from capital improvement fund to general fund				
		TOTAL	5,921,434	5,921,434
				-
ALL AJEs RECORDED AS NOTED ABOVE. NO PASSED AJEs FROM THE AUDIT.				