



**VILLAGE OF CAROL STREAM, ILLINOIS**

AUDITOR'S COMMUNICATION TO THE  
BOARD OF TRUSTEES

For the Year Ended April 30, 2021



SIKICH.COM

**VILLAGE OF CAROL STREAM, ILLINOIS**  
**AUDITOR’S COMMUNICATION TO THE BOARD OF TRUSTEES**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
COVER LETTER .....	1
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE .....	2-5
• Adjusting Journal Entries	
COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT .....	6-10

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

**SIKICH.COM**

October 11, 2021

The Honorable Mayor  
Members of the Board of Trustees  
Village of Carol Stream  
500 North Gary Avenue  
Carol Stream, Illinois 61088-1899

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 in April 2021.

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

This information is intended solely for the use of the Mayor, Board of Trustees and management of the Village of Carol Stream 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

**SIKICH.COM**

October 11, 2021

The Honorable Mayor  
Members of the Board of Trustees  
Village of Carol Stream, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carol Stream, Illinois (the Village) for the year ended April 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2021. 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, 2021, except for GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus.

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

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

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated October 11, 2021.

### **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 management's discussion and analysis and the required supplementary information as listed the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the basic financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections. 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.

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

Sincerely,

*Sikich LLP*

Sikich LLP

By: Brian D. LeFevre, CPA, MBA  
Partner

**VILLAGE OF CAROL STREAM**

Year End: April 30, 2021

Adjusting Journal Entries

Date: 5/1/2020 To 4/30/2021

Account No: AJE#01 To AJE#01

Number	Date	Name	Account No	Debit	Credit
AJE#01	4/30/2021	REVENUE RECEIVABLE-AUDIT	02-12255 SNF-02		-9,940.67
AJE#01	4/30/2021	STATE DRUG SEIZURE	02000000-43212 SNF-02	2,513.48	
AJE#01	4/30/2021	STATE MONEY LAUNDERING	02000000-43213 SNF-02	233.70	
AJE#01	4/30/2021	STATE VEHICLE SEIZURE	02000000-43214 SNF-02	7,193.49	
		To reverse State Narcotics Forfeiture Fund receivable			

**VILLAGE OF CAROL STREAM, ILLINOIS**

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

April 30, 2021



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

**SIKICH.COM**

The Honorable Mayor  
Members of the Board of Trustees  
Village of Carol Stream, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carol Stream, Illinois (the Village) as of and for the year ended April 30, 2021, 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 auditing procedures appropriate in the circumstances for the purpose of expressing opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. This letter does not affect our report dated October 11, 2021, on the basic financial statements of the Village.

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

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

*Sikich LLP*

Naperville, Illinois  
October 11, 2021

## **OTHER COMMENTS**

### **Future Accounting Pronouncements**

The Governmental Accounting Standards Board has issued a number of pronouncements that may impact the Village 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, 2023.

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, 2023.

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, 2023.

## **OTHER INFORMATION (Continued)**

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

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, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued to address issues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal year ending April 30, 2024.

## **OTHER INFORMATION (Continued)**

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

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

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.