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Village Council and Management
Village of Downers Grove
Downers Grove, Illinois

As part of our audit of the financial statements of Village of Downers Grove (Village) as of and for the year ended December 31, 2017, 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.

### *Qualitative Aspects of Significant Accounting Policies and Practices*

#### *Significant Accounting Policies*

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

#### *Alternative Accounting Treatments*

We had 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, as follows:

- No matters are reportable.

### *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:

- Depreciation expense based on estimated useful lives for assets
- Insurance claims payable
- Net pension liabilities
- Other post-employment benefit obligation

### *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
- Activity and liability for other post-employment and pension benefits under Illinois Municipal Retirement Fund and the Village's Police and Firefighters' Pension Funds.

## *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. 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 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.

### *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.

## 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.

### *Vendor Fraud – Business Email Compromise*

The latest wave of business fraud takes the form of email impersonation schemes, in which perpetrators attempt to fraudulently induce employees of a business entity to execute a wire transfer. In business email compromise (BEC) schemes fraudsters masquerade as an approved vendor or business partner. For example, a person with authority to initiate or execute a transaction (*e.g.*, a C-level executive) within the victim organization receives an email via their business account purportedly from a vendor requesting a wire transfer to a designated bank account. The innocent looking email fools the employee receiving it because it appears to be coming from a legitimate business relationship. The emails are “spoofed” by adding, removing or changing characters in the email address that make it difficult to distinguish the perpetrator’s email address from the legitimate email address. Unbeknownst to the victims, the wires are typically made to overseas bank accounts (typically in China, South Africa, Turkey and Japan).

The Internet Crime Compliant Center (IC3) reported receiving complaints of similar schemes from every U.S. state and 45 countries. The combined number of victims totaled 2,126 with a combined dollar loss of approximately $214,970,000. The FBI estimates since January 2015, there has been a 1,300% increase in losses related to BEC scams which total $3.1 billion during that period. Approximately 56% of all victims are located in the United States and vary in size. It is unknown how victims are selected, but it appears that the fraudsters study their victims prior to initiating the BEC scam.

It is important to note that this type of fraud could occur even when all standard internal controls and protocols are followed by victim organizations and their employees. Therefore, this type of fraud is particularly difficult to prevent. Spam filters and anti-virus software are not designed to protect against clever engineered impersonation. The human element is vitally important. We recommend conducting employee training on BEC for all employees with ability to issue payments. We further recommend, if possible, two-person verification for all bank wires and ACH payments.

## *New Accounting Pronouncements*

### *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB 75)*

GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments to report a liability on the face of the financial statements, in accordance with the following:

- Employers that are responsible only for OPEB liabilities for their own employees and that provide OPEB through a defined benefit OPEB plan administers through a trust that meets specified criteria will report a net OPEB liability (the difference between the total OPEB liability and the assets accumulated in trust to make the benefit payments).
- Employers that participate in a cost-sharing OPEB plan that is administered through a trust that meets specified criteria will report a liability equal to the employer's proportionate share for the collective OPEB liability for all employers participating in the plan.
- Employers that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability for their own employees.

GASB 75 requires more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. GASB 75 is effective for fiscal years beginning after June 15, 2017, and requires restatement of any prior years presented, if practical.

While not effective in the short term, we recommend the Village begin assessing the potential impact on the financial statements of both of these statements and begin the process of communicating this impact with those charged with governance and other stakeholders. Similar to the adoption of GASB Statement No. *68, Accounting and Financial Reporting for Pensions,* the adoption of GASB 75 will require advance coordination with plans and actuaries so that the required information is available.

### 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, 2018. 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 December 15, 2019. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

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

BKD, LLP

June 1, 2018
Oakbrook Terrace, Illinois

June 1, 2018

**BKD, LLP**
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We are providing this letter in connection with your audits of our financial statements (the basic financial statements, the Downtown Redevelopment Tax Increment Financing Fund's financial statements and the Ogden Avenue Corridor Tax Increment Financing Fund's financial statements) as of and for the year ended December 31, 2017. 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 February 23, 2018, 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 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.

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

6. 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.

7. 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.

8. 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.

9. 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.

10. 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 related party 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. With respect to any nonattest services you have provided us during the year, including preparation of the TIF 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.

20. 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.

21. 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.

22. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, (budgetary comparisons, modified approach to infrastructure and pension 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.

23. 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.

David Fieldman, Village Manager

Judy Buttny, Finance Director

# Village of Downers Grove

**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects 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 | 197,673,972 | 347,918 | 198,021,890 | 0.18% |
| Total Liabilities & Deferred Inflows | (173,519,520) | 338,268 | (173,181,252) | -0.19% |
| Total Net Position | (24,154,452) | (686,186) | (24,840,638) | 2.84% |

| | | | | |
|---|---|---|---|---|
| General Revenues & Transfers | (51,174,452) | | (51,174,452) | |
| Net Program Revenues/ Expenses | 50,895,506 | (860,230) | 50,035,276 | -1.69% |
| Change in Net Position | (278,946) | (860,230) | (1,139,176) | 308.39% |

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

**Client: Village of Downers Grove**

**Period Ending: December 31, 2017**

## Governmental Activities (Government-Wide Statements)

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | Factual | 347,918 | 338,268 | 0 | (686,186) | 0 | 0 | 0 |
| To reverse prior year accrual for workers comp | | | 0 | 0 | 0 | (174,044) | 174,044 | 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** | | | 347,918 | 338,268 | 0 | (860,230) | 174,044 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net Position** | **(860,230)** |
| **Impact on Net Position** | **(686,186)** |

# Village of Downers Grove

**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects 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 | 93,848,668 | 68,336 | 93,917,004 | 0.07% |
| Total Liabilities & Deferred Inflows | (37,914,454) | 70,706 | (37,843,748) | -0.19% |
| Total Net Position | (55,934,214) | (139,042) | (56,073,256) | 0.25% |

| | | | | |
|---|---|---|---|---|
| General Revenues & Transfers | 136,408 | | 136,408 | |
| Net Program Revenues/ Expenses | (1,805,565) | (139,042) | (1,944,607) | 7.70% |
| Change in Net Position | (1,669,157) | (139,042) | (1,808,199) | 8.33% |

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

**Client: Village of Downers Grove**

**Period Ending: December 31, 2017**

## Business-Type Activities (Government-Wide Statements)

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | **Factual** | 68,336 | 70,706 | 0 | (139,042) | 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** | | | 68,336 | 70,706 | 0 | (139,042) | 0 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net P** | **(139,042)** |
| **Impact on Net Position** | **(139,042)** |

# Village of Downers Grove

**ATTACHMENT**

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

## Discretely Presented Component Units (Government-Wide Statements)

**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Total Assets & Deferred Outflows | 21,174,534 | 82,329 | 21,256,863 | 0.39% |
| Total Liabilities & Deferred Inflows | (7,364,452) | 81,537 | (7,282,915) | -1.11% |
| Total Net Position | (13,810,082) | (163,866) | (13,973,948) | 1.19% |
| | | | | |
| General Revenues & Transfers | (5,167,963) | | (5,167,963) | |
| Net Program Revenues/ Expenses | 5,616,881 | (163,866) | 5,453,015 | -2.92% |
| Change in Net Position | 448,918 | (163,866) | 285,052 | -36.50% |

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

**Client: Village of Downers Grove**

**Period Ending: December 31, 2017**

## Governmental Activities (Government-Wide Statements)

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | **Factual** | 82,329 | 81,537 | 0 | (163,866) | 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** | | | 82,329 | 81,537 | 0 | (163,866) | 0 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net Position** | **(163,866)** |
| **Impact on Net Position** | **(163,866)** |

# Village of Downers Grove

**ATTACHMENT**

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

## Parking

**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Current Assets | 1,938,705 | | 1,938,705 | |
| Non-Current Assets & Deferred Outflows | 2,409,519 | 4,402 | 2,413,921 | 0.18% |
| Current Liabilities | (1,480,140) | | (1,480,140) | |
| Non-Current Liabilities & Deferred Inflows | (131,984) | 4,539 | (127,445) | -3.44% |
| Current Ratio | 1.310 | | 1.310 | |
| | | | | |
| Total Assets & Deferred Outflows | 4,348,224 | 4,402 | 4,352,626 | 0.10% |
| Total Liabilities & Deferred Inflows | (1,612,124) | 4,539 | (1,607,585) | -0.28% |
| Total Net Position | (2,736,100) | (8,941) | (2,745,041) | 0.33% |
| | | | | |
| Operating Revenues | (1,628,957) | | (1,628,957) | |
| Operating Expenses | 1,134,477 | (8,941) | 1,125,536 | -0.79% |
| Nonoperating (Revenues) Exp | (55,759) | | (55,759) | |
| Change in Net Position | (250,239) | (8,941) | (259,180) | 3.57% |

**Client: Village of Downers Grove**
**Period Ending: December 31, 2017**

**Parking**
***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred Outflows *Current* DR (CR) | Assets & Deferred Outflows *Non-Current* DR (CR) | Liabilities & Deferred Inflows *Current* DR (CR) | Liabilities & Deferred Inflows *Non-Current* DR (CR) | Operating Revenues DR (CR) | Operating Expenses DR (CR) | Nonoperating (Revenues) Exp 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | **Factual** | 0 | 4,402 | 0 | 4,539 | 0 | (8,941) | 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 | 0 | 0 | 0 | 0 |
| **Total passed adjustments** | | | 0 | 4,402 | 0 | 4,539 | 0 | (8,941) | 0 | 0 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net Position** | **(8,941)** |
| **Impact on Net Position** | **(8,941)** |

# Village of Downers Grove

**ATTACHMENT**

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

## Water

**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Current Assets | 12,891,058 | | 12,891,058 | |
| Non-Current Assets & Deferred Outflows | 46,073,475 | 38,832 | 46,112,307 | 0.08% |
| Current Liabilities | (2,719,972) | | (2,719,972) | |
| Non-Current Liabilities & Deferred Inflows | (15,601,369) | 40,021 | (15,561,348) | -0.26% |
| Current Ratio | 4.739 | | 4.739 | |
| | | | | |
| Total Assets & Deferred Outflows | 58,964,533 | 38,832 | 59,003,365 | 0.07% |
| Total Liabilities & Deferred Inflows | (18,321,341) | 40,021 | (18,281,320) | -0.22% |
| Total Net Position | (40,643,192) | (78,853) | (40,722,045) | 0.19% |
| | | | | |
| Operating Revenues | (15,865,916) | | (15,865,916) | |
| Operating Expenses | 14,397,309 | (78,853) | 14,318,456 | -0.55% |
| Nonoperating (Revenues) Exp | 295,909 | | 295,909 | |
| Change in Net Position | (1,172,698) | (78,853) | (1,251,551) | 6.72% |

**Client: Village of Downers Grove**

**Period Ending: December 31, 2017**

**Water**

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred Outflows *Current* DR (CR) | Assets & Deferred Outflows *Non-Current* DR (CR) | Liabilities & Deferred Inflows *Current* DR (CR) | Liabilities & Deferred Inflows *Non-Current* DR (CR) | Operating Revenues DR (CR) | Operating Expenses DR (CR) | Nonoperating (Revenues) Exp 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | **Factual** | 0 | 38,832 | 0 | 40,021 | 0 | (78,853) | 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 | 0 | 0 | 0 | 0 |
| **Total passed adjustments** | | | 0 | 38,832 | 0 | 40,021 | 0 | (78,853) | 0 | 0 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net Position** | **(78,853)** |
| **Impact on Net Position** | **(78,853)** |

# Village of Downers Grove

**ATTACHMENT**

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

## Stormwater

**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Current Assets | 5,068,170 | | 5,068,170 | |
| Non-Current Assets & Deferred Outflows | 25,385,527 | 25,102 | 25,410,629 | 0.10% |
| Current Liabilities | (1,592,811) | | (1,592,811) | |
| Non-Current Liabilities & Deferred Inflows | 26,991,114 | 26,148 | 27,017,262 | 0.10% |
| Current Ratio | 3.182 | | 3.182 | |
| | | | | |
| Total Assets & Deferred Outflows | 30,453,697 | 25,102 | 30,478,799 | 0.08% |
| Total Liabilities & Deferred Inflows | 25,398,303 | 26,148 | 25,424,451 | 0.10% |
| Total Net Position | (55,852,000) | (51,250) | (55,903,250) | 0.09% |
| | | | | |
| Operating Revenues | (4,090,431) | | (4,090,431) | |
| Operating Expenses | 3,339,140 | (51,250) | 3,287,890 | -1.53% |
| Nonoperating (Revenues) Exp | 504,268 | | 504,268 | |
| Change in Net Position | (264,254) | (51,250) | (315,504) | 19.39% |

**Client: Village of Downers Grove**
**Period Ending: December 31, 2017**

**Stormwater**

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred Outflows: *Current* DR (CR) | Assets & Deferred Outflows: *Non-Current* DR (CR) | Liabilities & Deferred Inflows: *Current* DR (CR) | Liabilities & Deferred Inflows: *Non-Current* DR (CR) | Operating Revenues DR (CR) | Operating Expenses DR (CR) | Nonoperating (Revenues) Exp 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 adjust for differences between actuary report and audit per IMRF related GASB 68 balances. | | Factual | 0 | 25,102 | 0 | 26,148 | 0 | (51,250) | 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 | 0 | 0 | 0 | 0 |
| **Total passed adjustments** | | | 0 | 25,102 | 0 | 26,148 | 0 | (51,250) | 0 | 0 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Net Position** | **(51,250)** |
| **Impact on Net Position** | **(51,250)** |

# Village of Downers Grove
**ATTACHMENT**

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

## Aggregate Remaining Funds

**QUANTITATIVE ANALYSIS**

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Total Assets & Deferred Outflows | 137,341,065 | | 137,341,065 | |
| Total Liabilities & Deferred Inflows | (7,737,906) | | (7,737,906) | |
| Total Fund Balance | (129,636,069) | | (129,636,069) | |
| | | | | |
| Revenues | (36,692,614) | | (36,692,614) | |
| Expenditures | 29,507,651 | (174,044) | 29,333,607 | -0.59% |
| Change in Fund Balance | (13,381,888) | (174,044) | (13,555,932) | 1.30% |

**Total Assets ≠ Total Liabilities + Total Fund Balance (Adjust Menu-M'Main Men**

**Client: Village of Downers Grove**

**Period Ending: December 31, 2017**

## Aggregate Remaining Funds

***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J), Projected (P) | Assets & Deferred Outflows DR (CR) | Liabilities & Deferred Inflows DR (CR) | Revenues DR (CR) | Expenditures DR (CR) | Fund Balance DR (CR) | Net Effect on Following Year: *Change in Fund Balance* DR (CR) | Net Effect on Following Year: *Fund Balance* DR (CR) |
|---|---|---|---|---|---|---|---|---|---|
| To reverse prior year accrual for workers comp | | P | 0 | 0 | 0 | (174,044) | 174,044 | 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 | 0 | 0 | (174,044) | 174,044 | 0 | 0 |

| | |
|---|---|
| **Impact on Change in Fund Balanc** | **(174,044)** |
| **Impact on Fund Balance** | **0** |