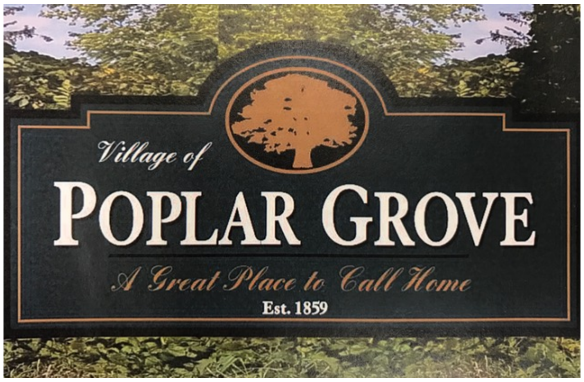
VILLAGE OF POPLAR GROVE, ILLINOIS

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
APRIL 30, 2026

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August 26, 2026

The Honorable Village President
Members of the Board of Trustees
Village of Poplar Grove, Illinois

In planning and performing our audit of the financial statements of the Village of Poplar Grove (the Village), Illinois, for the year ended April 30, 2026, 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 Village Council, management, and others within of the Village of Poplar Grove, Illinois, 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. IT 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 governments 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 recover 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 notification of awareness and will discuss further with Village technology staff.

PRIOR RECOMMENDATIONS

1. **RECAPTURE AGREEMENT**

Comment

Previously and during our current year-end audit procedures, we noted that the Village has a recapture agreement with a local subdivision and a related liability recorded within the Water and Sewer Fund. The language in the existing agreement is somewhat unclear as it relates to the calculation the various pieces of the agreement.

Recommendation

We recommended the Village review all current recapture agreements and the related liabilities, in order to ensure that the Village and Developer are in agreement as to the terms and calculations outlined in the recapture agreement.

Status

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

Management Response

The Village continues to collect and record any recapture agreements from prior years. Analysis of those agreements is part of an overall audit of subdivisions which started in fiscal year 2018. It continues to remain a high priority. The work is in progress and should be completed within the near future.

2. **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:

Fund		2025	2026
General	$	—	14,944
Capital Replacement		52,189	—

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 not be repeated in the future.

Management Response

The Village is aware of the overage due to increased economic cost conditions. Final budget remained positive due to the monitoring and adjustment of expenditures as it correlated to higher than expected revenues.

UPCOMING STANDARDS

1. 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. This Statement is applicable to June 30, 2026 fiscal year-ends and thereafter.

2. GASB STATEMENT NO. 104 DISCLOSURE OF CERTAIN CAPITAL ASSETS

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*, which provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for (1) Certain types of capital assets to be disclosed separately in the capital assets note disclosures, and (2) Capital assets held for sale, including additional disclosures for those capital assets. This Statement is applicable to June 30, 2026 fiscal year-ends and thereafter.