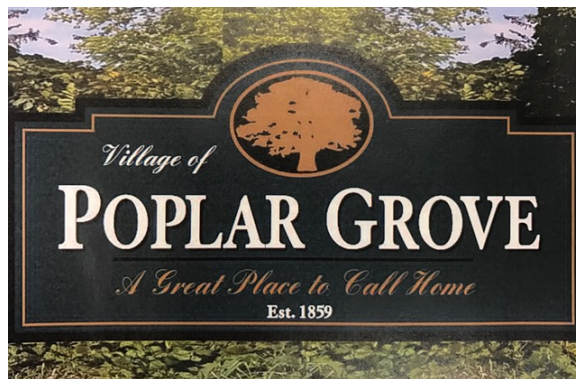


# VILLAGE OF POPLAR GROVE, ILLINOIS

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## MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2025

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September 25, 2025

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, Illinois (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 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

## **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. FUND OVER BUDGET**

#### Comment

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

| Fund                | 2025      | 2024    |
|---------------------|-----------|---------|
| Capital Replacement | \$ 52,189 | 156,701 |

#### Recommendation

We recommended the Village investigate the causes of the fund 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 had two change orders that increased the cost of the Public Works building. For equipment they had a truck that was totaled and replaced. The Village also upgraded their excavator to a bigger model that would enable them to do more work in house.

## **PRIOR RECOMMENDATIONS - Continued**

### **3. CREDIT CARD PURCHASES**

#### Comment

Previously and during our current year-end audit procedures, we noted that although the Village has a Purchasing Policy, Credit Card purchasing procedures are not clearly documented. In addition, it was noted that the Village holds one account with multiple approved users, and each individual does not have a separate account number. Because credit cards are easy to use and widely accepted, strong internal controls are necessary to ensure the cards are not misused.

#### Recommendation

We recommended that the Village adopt formal written policies and procedures for credit card expenditures. These policies should require, for example, that all credit card receipts be signed by the purchaser, and that a description of the business purpose of the purchase be described on the receipt or be attached to the receipt. Original receipts must be submitted and credit card purchases over a determined dollar threshold should require appropriate approval. We also recommended that the Village establish separate accounts for each authorized user to allow for better tracking of expenses on their individual accounts. Additionally, sales tax should not be charged on purchases

#### Status

We noted that the Village is currently working with their attorney on creating sound credit card purchasing procedures. As such, this comment will not be repeated in the future

#### Management Response

Management agrees with the finding, and is working with the Village attorney to create a policy for credit card purchases.

## 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.