

# Selden Fox

Accounting for your future

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 29, 2020

Board of Trustees  
Lemont Township  
Lemont, Illinois

We have audited the financial statements of **Lemont Township** (Township) for the year ended March 31, 2020, and have issued our report thereon dated September 29, 2020. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 24, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The financial statements are the responsibility of management with your oversight. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on May 19, 2020, and in our engagement letter dated March 24, 2020.

We address significant risks of material misstatement, whether due to error or fraud, by performing analytical procedures, making inquiries of those charged with governance, by observation and inspection, and by brainstorming with our audit team members. We use judgment to determine what a user of the financial statements would consider to be material in assessing the risk of misstatement. We also use judgment to determine our approach to internal control and further audit procedures relevant to significant audit areas. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion.

## **Significant Audit Findings**

**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 Lemont Township are described in Note I to the financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during fiscal year 2020. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 financial statements were:

Management's estimate of the provision for losses of property tax receivable is based on collections history and current economic conditions. Management's estimate that the useful lives of property and equipment range from 5 to 40 years is based on past experience. Management made certain assumptions in calculating the net pension liability based on retirement benefits, information on active members and their beneficiaries, and financial data. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.

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. All adjustments are summarized in Exhibit 1. Management has corrected all such misstatements. In addition, we recorded adjustments as detailed in Exhibit 2 to convert the accounting records to comply with Governmental Accounting Standards Board Statement Number 34 (GASB 34). There was one uncorrected adjusting journal entry to record an additional payable of \$2,036 in the General Town Fund. Management has represented to us that the uncorrected adjustment is immaterial to the financial statements 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.

**Significant Audit Findings** (cont'd)

**Management Representations** – We have requested certain representations from management that are included in the management representation letter dated September 29, 2020.

**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 Township’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.

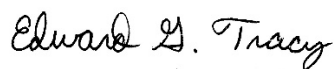
**Other Audit Findings or Issues** – We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

**Other Matters** – With respect to the supplementary information accompanying the financial statements, 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 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.

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

Very truly yours,

SELDEN FOX, LTD.



Edward G. Tracy  
Executive Vice President

EGT/cg

**Lemont Township  
Adjusting Journal Entries  
March 31, 2020**

Account	Description	Debit	Credit	Profit (Loss) Effect
<b>Adjusting Journal Entry # 1</b>				
Record beginning property tax receivable and deferred inflows.				
10-13__1	Property Tax Receivable	\$ 455,218.84	\$ -	\$ -
20-13__1	Property Tax Receivable	593,780.81		
30-13__1	Property Tax Receivable	23,327.92		
40-13__1	Property Tax Receivable	7,512.95		
10-21__1	Deferred Property Taxes		441,726.29	
10-30200	General Fund Balance		13,492.55	
20-21__1	Deferred Property Taxes		576,672.58	
20-30300	Road & Bridge Fund Balance		17,108.23	
30-21__1	Deferred Property Taxes		22,492.67	
30-30400	General Asst Fund Balance		835.25	
40-21__1	Deferred Property Taxes		7,290.29	
40-30500	Liability Tort Fund		222.66	-
<b>Adjusting Journal Entry # 2</b>				
Adjust property tax accounts to actual.				
10-21__1	Deferred Property Taxes	43,439.31		
10-40109	Cook Co. Tax Distrb Various-GF	670.99		
10-40113	17 RE Taxes General	1,084.67		
10-40114	Real Estate Taxes - 2018	19,670.96		
20-13__1	Property Tax Receivable	33,132.30		
20-40119	Cook Co. Tax Dist Various RB	215.10		
20-40123	17 RB Real Est. Taxes	3,943.89		
20-40124	Real Estate Taxes: 18 RE Taxes	375,837.85		
20-40125	19 RE Taxes	380,258.80		
30-21__1	Deferred Property Taxes	5,625.14		
30-40131	Cook Co. Tax Distr-Various-GA	2.51		
30-40133	16 Gen. Assist. RE Taxes	9,508.94		
30-40134	17 Gen. Assist. RE Taxes	156.57		
40-21__1	Deferred Property Taxes	721.65		
10-13__1	Property Tax Receivable		36,675.00	
10-40115	19 Real Estate Taxes GF		12,987.61	
20-21__1	Deferred Property Taxes		27,725.59	
20-40153	17 Permanent Road RE Taxes		362,441.84	
20-40154	18 Perm Rd Real Estate Taxes		403,220.51	
30-13__1	Property Tax Receivable		5,277.79	
30-40135	Real Estate Taxes - GA Taxes 18		8,837.80	
30-40136	19 GA RE Taxes		1,177.57	
40-13__1	Property Tax Receivable		610.25	
40-40144	18 Liab Tort Real Estate Taxes		7,243.49	
40-40145	19 Liab Tort Real Estate Taxes		8,071.23	12,629.77

(cont'd)

**Lemont Township  
Adjusting Journal Entries  
March 31, 2020**

Account	Description	Debit	Credit	Profit (Loss) Effect
<b>Adjusting Journal Entry # 3</b>				
Reclassify reimbursed fraud claim against original charge in the general ledger.				
10-40510	Other Income	\$ 1,800.00	\$ -	\$ -
10-65120	Bank Service Charge		1,800.00	-
<b>Adjusting Journal Entry # 4</b>				
Reclassify IMRF reimbursements from Road and Bridge Fund to proper accounts and expense to actual.				
10-20850	Due To/From R&B	11,871.26		
10-40510	Other Income	7,817.84		
10-42180	Other Income - RB Income	14,526.65		
10-66310	IMRF	43,370.75		
20-20850	Due From (To) General Fund	5,856.37		
20-66320	R&B IMRF	12,230.72		
10-20800	IMRF		1,843.77	
10-20830	IMRF-Employer		42,905.35	
10-20901	IMRF -RB		32,837.38	
20-20810	R&B IMRF		416.37	
20-20840	R&B IMRF-Employer		17,670.72	(55,601.47)
<b>Adjusting Journal Entry # 5</b>				
Reclassify audit fees to proper accounts.				
10-63210	Audit	5,832.40		
20-63220	R&B Audit	5,832.37		
30-63230	GA Audit	5,832.37		
10-63310	Legal Services		5,832.40	
20-63320	R&B Legal Services		5,832.37	
30-65630	GA Misc Prof. Supplies		5,832.37	-
<b>Adjusting Journal Entry # 6</b>				
Reclass portion of TOIRMA dividend applicable to Road District out of Other Income in General Town Fund.				
10-40510	Other Income	3,382.00		
20-40510	Other Income		3,382.00	-
<b>Adjusting Journal Entry # 7</b>				
Reclassify payroll fees to proper account.				
10-60212	Payroll Expenses	112.70		
10-60210	Supervisor Salary		112.70	-

(cont'd)

**Lemont Township  
Adjusting Journal Entries  
March 31, 2020**

Account	Description	Debit	Credit	Profit (Loss) Effect
<b>Adjusting Journal Entry # 8</b>				
Reclass payment to Village of Lemont for Emergency Management to proper account.				
10-66510	LEMA	\$ 25,000.00	\$ -	\$ -
10-65710	Miscellaneous		25,000.00	-
<b>Adjusting Journal Entry # 9</b>				
Reverse effect of prior year accrued payroll not booked by client against fund balance.				
10-30200	General Fund Balance	10,395.17		
20-30300	Road & Bridge Fund Balance	3,913.46		
10-60210	Supervisor Salary		833.33	
10-60310	Clerk Salary		500.00	
10-60410	Highway Comm Salary		645.83	
10-60610	Trustee Salary		200.00	
10-60710	Office Manager Salary		907.60	
10-60730	Secretary		31.70	
10-60740	Facilities Manager Salary		1,009.40	
10-61000	Medicare Tax		137.32	
10-61010	FICA		587.19	
10-62520	Warner Event Staff		187.72	
10-64150	Alba Event Staff		212.16	
10-68110	Assessor Salary		791.67	
10-68120	Assessor Secretary Salary		1,009.40	
10-70111	Salary: PACE DAR Wages		803.20	
10-70112	Salary: PACE DAR Part-time		746.45	
10-71110	Human Serv Directo/Aide		1,009.40	
10-71111	Salary: Community Services Salary		782.80	
20-61120	FICA R&B		225.39	
20-61130	R&B Medicare Tax		52.71	
20-61920	R&B Salaries: Treasurer Salary		250.00	
20-61921	R&B Treas/Office Mgr Salary		431.78	
20-77820	Highway Commissioner Salary		645.83	
20-77920	Permanent Road Labor		2,307.75	14,308.63
<b>Adjusting Journal Entry # 10</b>				
Accrue additional payables at March 31, 2020.				
20-63320	R&B Legal Services	26,556.87		
20-77220	R&B Equip Maintenance	2,385.60		
20-77520	Permanent Road Services	38,821.42		
20-77620	Permanent Road Supplies	3,423.40		
20-2___1	Accounts Payable		71,187.29	(71,187.29)

(cont'd)

**Lemont Township  
Adjusting Journal Entries  
March 31, 2020**

Account	Description	Debit	Credit	Profit (Loss) Effect
<b>Adjusting Journal Entry # 11</b>				
Record accrued payroll at March 31, 2020.				
10-60210	Supervisor Salary	\$ 1,166.66	\$ -	\$ -
10-60310	Clerk Salary	700.00		
10-60410	Highway Comm Salary	904.16		
10-60710	Office Manager Salary	1,386.54		
10-60730	Secretary	425.60		
10-60740	Facilities Manager Salary	1,455.55		
10-61000	Medicare Tax	169.81		
10-61010	FICA	726.08		
10-62520	Warner Event Staff	329.09		
10-68110	Assessor Salary	1,108.33		
10-68120	Assessor Secretary Salary	1,455.55		
10-70111	Salary: PACE DAR Wages	1,293.04		
10-71110	Human Serv Directo/Aide	1,455.55		
20-61120	FICA R&B	371.74		
20-61130	R&B Medicare Tax	86.94		
20-61920	R&B Salaries: Treasurer Salary	350.00		
20-61921	R&B Treas/Office Mgr Salary	700.00		
20-77820	Highway Commissioner Salary	904.16		
20-77920	Permanent Road Labor	4,041.72		
10-2__2	Accrued Wages		11,680.07	
10-2__3	Accrued FICA		726.08	
10-2__4	Accrued Medicare		169.81	
20-2__2	Accrued Wages		5,995.88	
20-2__3	Accrued FICA		371.74	
20-2__4	Accrued Medicare		86.94	(19,030.52)
<b>Adjusting Journal Entry # 12</b>				
Allocate fund balance in QuickBooks between funds.				
10-30200	General Fund Balance	440,355.94		
20-00000	Opening Balance Equity	955,221.67		
20-30300	Road & Bridge Fund Balance		650,308.46	
30-30400	General Asst Fund Balance		146,394.77	
40-30500	Liability Tort Fund		103,977.15	
50-30600	Open Space Fund Balance		131,751.29	
60-30700	Bond & Interest Fund Balance		363,145.94	-
<b>Adjusting Journal Entry # 13</b>				
Reverse client entry for deposit made in Road & Bridge Fund subsequently transferred back to the General Fund.				
0	Reconciliation Discrepancies	3098.4		
20-20851	Due from Money Market		3,098.40	(3,098.40)

(cont'd)

**Lemont Township  
Adjusting Journal Entries  
March 31, 2020**

Account	Description	Debit	Credit	Profit (Loss) Effect
<b>Adjusting Journal Entry # 14</b>				
Adjust fund balance for prior year audit entries not booked.				
10-20850	Due To/From R&B	\$ 15,158.67	\$ -	\$ -
10-30200	General Fund Balance	7,219.64		
10-20901	IMRF -RB		22,378.31	
<b>Adjusting Journal Entry # 15</b>				
Recognize security deposits held at March 31, 2019 and recorded as a liability in prior year audit.				
10-30200	General Fund Balance	4,650.00		
10-42150	Alba Security Deposits		4,250.00	
10-42155	Warner Security Deposits		400.00	4,650.00
<b>Adjusting Journal Entry # 16</b>				
Reverse old outstanding payable and miscellaneous liability at March 31, 2019 and recognize in the current year.				
10-30200	General Fund Balance	5,800.27		
10-30200	General Fund Balance	139.92		
10-40510	Other Income		5,800.27	
10-40510	Other Income		139.92	5,940.19
<b>Adjusting Journal Entry # 17</b>				
Reclassify catastrophe insurance to proper account.				
40-62650	Catastrophe Insurance	2,015.00		
40-62640	Liability Tort Insurance		2,015.00	-
<b>Adjusting Journal Entry # 18</b>				
Establish interfund balances for report purposes.				
20-13__3	Interfund Receivable	169,110.40		
30-13__3	Interfund Receivable	2,890.94		
40-13__3	Interfund Receivable	79,649.47		
50-13__3	Interfund Receivable	136,073.92		
60-13__3	Interfund Receivable	363,145.94		
10-202_1	Interfund Payable		750,870.67	-
<b>Net effect of adjusting journal entries</b>				<u>\$ (111,389.09)</u>



**Lemont Township  
GASB 34 Journal Entries  
March 31, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Profit (Loss) Effect</u>
<b>GASB 34 Adjustments JE # 1</b>				
Record beginning capital asset balances in the government-wide financial statements.				
10-14000	Capital Assets	\$ 1,734,243.03	\$ -	\$ -
20-14000	Capital Assets	19,183,466.19		
50-14000	Capital Assets	11,174,174.97		
20-31000	Net Assets Invested in Capital Assets		20,917,709.22	
50-31000	Net Assets Invested in Capital Assets		11,174,174.97	-
<b>GASB 34 Adjustments JE # 2</b>				
Record current year capital asset additions and disposals in the government-wide financial statements.				
20-14000	Capital Assets	52,341.69		
20-77420	R&B Equipment Capital Outlay		52,341.69	
20-15000	Accumulated Depreciation	73,183.00		
20-14000	Capital Assets		73,183.00	52,341.69
<b>GASB 34 Adjustments JE # 3</b>				
Record depreciation expense and the related accumulated depreciation in the government-wide financial statements.				
20-31000	Net Assets Invested in Capital Assets	17,248,012.53		
20-78000	Depreciation Expense	379,634.98		
20-15000	Accumulated Depreciation		17,627,647.51	(379,634.98)
<b>GASB 34 Adjustments JE # 4</b>				
Recognize property taxes on the full accrual basis in the government-wide financial statements.				
10-21__1	Deferred Property Taxes	398,286.98		
10-40115	19 RE Taxes General	43,439.31		
20-21__1	Deferred Property Taxes	604,398.17		
30-21__1	Deferred Property Taxes	16,867.53		
30-40136	19 GA RE Taxes	5,625.14		
40-21__1	Deferred Property Taxes	6,568.64		
40-40145	19 Liab Tort R E Taxes	721.65		
10-30200	General Fund Balance		441,726.29	
20-30300	Road & Bridge Fund Balance		576,672.58	
20-40125	19 RB Real Est. Taxes		27,725.59	
30-30400	General Asst Fund Balance		22,492.67	
40-30500	Liability Tort Fund		7,290.29	(22,060.51)

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**Lemont Township  
GASB 34 Journal Entries  
March 31, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Profit (Loss) Effect</u>
<b>GASB 34 Adjustments JE # 5</b>				
Record GASB 68 pension adjustment.				
10-19000	Deferred Outflows - Actuarial	\$ 22,299.00	\$ -	\$ -
10-19001	Deferred Outflows - Contributions	16,514.00		
10-30201	Retained Earnings	266,058.00		
10-24000	Net Pension Liability		27,429.00	
10-29000	Deferred Inflows - Actuarial		204,034.00	
10-66319	IMRF Pension Expense - GASB 68		73,408.00	<u>73,408.00</u>
	<b>Net effect on net position</b>			<u>\$ (275,945.80)</u>