

August 24, 2020

To the Board of Trustees of
CHICAGO RIDGE PUBLIC LIBRARY

We were engaged to audit the financial statements of the governmental activities, each major fund and the aggregateremaining fund information of **CHICAGO RIDGE PUBLIC LIBRARY** (the "Library") for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 December 13, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Disclaimer of Opinion and Qualified Opinion

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2019 and 2018 and the related 2019 pension expense for this plan that was due to Library employees. These amounts have not been audited by us, since we were not engaged to audit amounts related to the Village's defined benefit pension plan. Also, the accompanying financial statements do not include the note disclosures for this plan required by the Governmental Accounting Standards Board.

Because of the significance of this matter we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities.

In addition, because the financial statements did not include the note disclosures for this IMRF plan, we qualified our opinion on the financial statements of the major funds and aggregate remaining funds.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library 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 December 31, 2019. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Since 1969 ■ Members American Institute and Illinois Society of Certified Public Accountants

19070 S. Everett Blvd. ■ Suite 208
Mokena, Illinois 60448
p 708.478.2900 ■ f 708.478.2901

2021 Midwest Road ■ Suite 200
Oak Brook, Illinois 60523
p 630.889.7166

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 Library's financial statements were:

- **Allowance for Uncollectible Property Taxes:** Management's estimate of the allowance for uncollectible property taxes was based on the percentage of uncollectible taxes from the last three years' tax levies.
- **Pension Plan:** The Library participates in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund (IMRF), a multiple employer plan. The deferred outflows and inflows of resources, net pension liability and annual pension costs of this plan were calculated by IMRF, using various actuarial assumptions. The Village and Library then estimated the portion of these amounts that related to the employees of the Library. Therefore, these amounts are based on significant estimates.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

NOTE 2. DEFINED BENEFIT PENSION PLAN (UNAUDITED)

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund (IMRF). IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2019 and 2018 for the Library to be 21.29% and 19.77%, respectively, of the totals of these amounts for the Village's IMRF account. These percentages were determined by taking the Library's total employer contributions divided by the total employer contributions (Village and Library) for each respective year.

The Library's cash contributions to IMRF were \$60,334 for the year ended December 31, 2019, which is the expense reported on the accompanying Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances. Deferred outflows of resources of \$47,156, deferred inflows of resources of \$241,657 and net pension liability of \$252,938 are recognized at December 31, 2019 on the accompanying Statement of Net Position. Also, pension expense of \$68,636 is recognized for the year ended December 31, 2019 on the accompanying Statement of Activities.

Additional information for the defined benefit pension plan, including note disclosures and supplemental information required by the Government Accounting Standards Board, may be obtained from the Village's 2019 financial statements.

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.

Corrected misstatements detected as a result of audit procedures or as provided by the Library are included in the attached schedule (CORRECTED MISSTATEMENTS).

A misstatement detected as a result of audit procedures that was not corrected by management is included in the attached schedule (UNCORRECTED MISSTATEMENTS).

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 Representation

We have requested certain representations from management that are included in the management representation letter dated August 24, 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 Library'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 Library'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 Major Fund – General Fund – Schedule of Revenues and Expenditures – Estimated Receipts and Appropriations Compared to Actual and Notes to Required Supplemental Information, which are required supplemental information (RSI) that supplement 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 Other Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances, which accompany the financial statements but are not RSI. With respect to this supplemental 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 financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Sincerely,



O'NEILL & GASPARDO, LLC

**CORRECTED
MISSTATEMENTS**

CHICAGO RIDGE PUBLIC LIBRARY

10NG-Adjusting Journal Entries

January 1, 2019 - December 31, 2019

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Adjusting Journal Entries							
12/31/19	1		Adjust beginning balances to match PY audit	TB-10			5.52
		431	Office Supplies			5.52	
		290	General Operating Fund		113,109.52		
		291	Special Reserve Fund			100,000.00	
		292	Fund Bal-IMRF Restricted			11,505.00	
		293	Fund Bal-FICA Restricted			1,599.00	
12/31/19	2		Record property tax receivable and deferred revenue at 12/31/19	C-10			0.00
		130	Property Taxes Receivable		62,888.00		
		230	Def Revenue - Property Tax			62,888.00	
		133	Property Tax Rec-FICA			19,405.00	
		233	Deferred Revenue-Prop Tax-F		19,405.00		
		132	Property Tax Rec-IMRF			10,479.00	
		232	Deferred Revenue-Pro Tax-IM			4,875.00	
		205	Deferred Revenue		15,354.00		
12/31/19	3		Allocate property tax revenue based on allocation to funds in tax levy	10-10			0.00
		300	Property Tax Receipts		116,974.00		
		303	Property Tax Receipts - FICA			48,731.00	
		304	Property Tax Receipts - IMRF			68,243.00	
12/31/19	4		Adjust 2019 grant revenue and reclassify to proper accounts	10-45			10,001.00
		310	Donations, Grants		7,642.00		
		205	Deferred Revenue		10,001.00		
		313	Donations, Grants: PNG Grant			17,643.00	
12/31/19	6		Record change in accrued payroll and payroll taxes	BB-10			(5,429.62)
		402	Salary/Clerical		4,656.61		
		210	Accrued Payroll			4,656.61	
		482	Payroll Expenses: Social Security		773.01		
		211	Accrued FICA			773.01	
12/31/19	7		Allocate cash balances to funds	A-10			0.00
		101	Cash - Special Reserve		1,398,501.00		
		102	Cash - IMRF		11,371.00		
		103	Cash - FICA		35,703.00		
		100	Cash, Checking			1,445,575.00	
Totals for Adjusting Journal Entries					<u>1,796,378.14</u>	<u>1,796,378.14</u>	<u>4,576.90</u>
Report Totals					<u>1,796,378.14</u>	<u>1,796,378.14</u>	<u>4,576.90</u>

Journal Entry count = 6

**CORRECTED
MISSTATEMENTS**

CHICAGO RIDGE PUBLIC LIBRARY

10NG-Other Journal Entries

January 1, 2019 - December 31, 2019

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
Other Journal Entries							
12/31/19	51		Record net liability as of 12/31/19	BB-41			0.00
		902	Diff in GW & Gov. Funds Equity		439,136.00		
		915	Defered Outflows of Rescources		291,736.00		
		925	Deferred Inflows of Resources			115,610.00	
		920	Net Pension Obligation			615,262.00	
12/31/19	52		Record change in deferred outflows of resources in 2019	BB-41			(244,580.00)
		481	Payroll Expenses: IMRF		244,580.00		
		915	Defered Outflows of Rescources			244,580.00	
12/31/19	53		Record change in deferred inflows of resources in 2019.	BB-41			(126,047.00)
		481	Payroll Expenses: IMRF		126,047.00		
		925	Deferred Inflows of Resources			126,047.00	
12/31/19	54		Record change in net pension liability in 2019	BB-41			362,324.00
		920	Net Pension Obligation		362,324.00		
		481	Payroll Expenses: IMRF			362,324.00	
12/31/19	55		Record beginning fixed asset balance	P-5			0.00
		900	Capital Assets		4,512,608.34		
		901	Accumulated Depreciation			2,019,019.61	
		902	Diff in GW & Gov. Funds Equity			2,493,588.73	
12/31/19	56		Record current year asset additions	P-5			168,374.81
		900	Capital Assets		168,374.81		
		474	Audiovisual/Adult			110,612.83	
		426	Computer Maintenance			34,423.50	
		490	Special Reserve Fund Expense			23,338.48	
12/31/19	57		Record current year depreciation expense	P-5			(193,952.89)
		903	Depreciation Expense		193,952.89		
		901	Accumulated Depreciation			193,952.89	
12/31/19	58		Record fixed assets that were retired at year-end	P-5			0.00
		901	Accumulated Depreciation		97,246.00		
		900	Capital Assets			97,246.00	
12/31/19	59		Record change in accrued vacation	BB-20			7,087.23
		902	Diff in GW & Gov. Funds Equity		30,925.07		
		401	Salary/Professional			7,087.23	
		904	Accrued Compensated Absences			23,837.84	
Totals for Other Journal Entries					<u>6,466,930.11</u>	<u>6,466,930.11</u>	<u>(26,793.85)</u>
Report Totals					<u>6,466,930.11</u>	<u>6,466,930.11</u>	<u>(26,793.85)</u>

Journal Entry count = 9

UNCORRECTED MISSTATEMENTS

CHICAGO RIDGE PUBLIC LIBRARY 1ONG-Potential Journal Entries January 1, 2019 - December 31, 2019

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect	Misstatement
Potential Journal Entries								
12/31/19	PJE#5		Record extrapolated error found in A/P subsequent disbursement	AA-20			(1,576.75)	
		432	Library Supplies		1,576.75			
		200	Accounts Payable			1,576.75		
			Totals for Potential Journal Entries		<u>1,576.75</u>	<u>1,576.75</u>	<u>(1,576.75)</u>	
			Report Totals		<u>1,576.75</u>	<u>1,576.75</u>	<u>(1,576.75)</u>	

Journal Entry count = 1