

Selden Fox

Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

September xx, 2021

Board of Trustees and Management
Wheatland Township
Naperville, Illinois

We have audited the financial statements of **Wheatland Township** for the year ended March 31, 2021, and have issued our report thereon dated September xx, 2021. During our audit, we noted the following operational or administrative matters we believe to be of potential benefit to you.

Accounting for Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87 that provides new accounting and reporting guidance on leases. This statement was originally effective for fiscal years ending after December 15, 2020, but subsequently postponed the effective date of the standard for 18 months. Despite this delay, the Township should be taking steps now to prepare for implementation.

Under this new standard, all leases lasting longer than one year will be reported by the lessee as a right-to-use asset and a long-term liability in the statement of net position in the government-wide and proprietary fund financial statements. Governments should consider the potential impact of reporting additional debt in the financial statements may have on existing legal debt limitations and bond covenants.

At this time, management should also evaluate its policies and procedures for tracking and reporting leases, including creating a centralized location to store and hold all lease agreements. All department heads should be responsible for forwarding any new lease agreements, as well as any modifications of existing lease agreements, to the Finance Department. In addition, the Board and management should review and update its capital asset policies to include consideration of intangible right-to-use assets that will be recorded under this new standard.

Draft - Subject to Change

08-18-21

Future Accounting and Auditing Pronouncements

GASB has issued several other pronouncements that become effective in future years, including GASB Statement No. 95 that postponed the effective date of most of these statements by one year due to the COVID pandemic. The effective dates shown below are the newly extended effective dates. At this time, it is not expected these new standards will have a significant impact on the Township.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, requires interest cost incurred before the end of a construction period be recognized as an expense in business-type activity or enterprise fund financial statements. Statement No. 89 is effective for the fiscal year ending March 31, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, improves the consistency and comparability of reporting of conduit debt obligations by eliminating the existing option to for issuers to report conduit debt obligations as their own liabilities. Statement No. 91 is effective for the fiscal year ending March 31, 2023.

GASB Statement No. 92, *Omnibus 2020*, improves the consistency and comparability in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for the fiscal year ending March 31, 2023.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate in derivative instruments and lease agreements. Statement No. 93 is effective for the fiscal year ending March 31, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by establishing definitions of public-public and public-private arrangements (PPPs), and availability payment arrangements (APAs), and providing uniform guidance on accounting and financial reporting for transactions that meet these definitions. Statement No. 94 is effective for the fiscal year ending March 31, 2024.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, improves financial reporting by establishing definitions of subscription-based information technology arrangements, and providing uniform guidance on accounting and financial reporting for transactions that meet these definitions. Statement No. 96 is effective for the fiscal year ending March 31, 2024.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, improves financial reporting by increasing consistency and comparability related to the reporting of fiduciary component units including Internal Revenue Code Section 457 deferred compensation plans and the benefits provided through these plans. Statement No. 97 is effective for the fiscal year ending March 31, 2023.

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

We would like to take this opportunity to express our appreciation to you, and to the Township's staff, for the courtesy and cooperation extended to our staff during the course of the audit.

Should you wish to discuss further any of the matters referred to, or if we can be of assistance in implementing any of the suggestions, we will be pleased to do so at your convenience.