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February 10, 2022

To the Honorable President and
Members of the Board of Trustees
Village of Worth, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Worth, Illinois for the year ended April 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.


A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

The following comments are to keep the Village informed of relevant accounting pronouncements that may have an impact to its future financial statements. This letter does not affect our report dated February 10, 2022, on the financial statements of the Village.

This communication is intended solely for the information and use of management and others within the Village of Worth, Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Hearne & Associates, P.C.
Certified Public Accountants
Mokena, Illinois

Leases – GASB Statement No. 87

Effective with the Village's April 30, 2023 audit, Government Accounting Standards Board (GASB) Statement Number 87 – Leases, is to be implemented by the Village in preparation of its financial statements.

This Statement outlines new requirements for governmental entities when it comes to lease accounting. GASB 87 will replace current operating and capital lease categories with a single model for lease accounting based on the concept that leases are a means to finance the right to use an asset. These new rules are to increase the comparability and usefulness of information and reduce complexity for preparers.

While the implementation date for this Standard is not until fiscal 2023, we suggest that the Village begin the process now so that it has the information it will need to properly report its lease agreements for its fiscal year-ending April 30, 2023 financial report.

First, we recommend that the Village review this Statement and its contents. In summary, under the new standard, a lessee will recognize a lease liability equal to its present value of the payments expected to be made for the lease term and an intangible asset equal to the lease liability plus any payments made upfront.

To prepare for implementation of this Statement, we recommend that the Village do the following:

- Obtain and centralize all current leases of the Village.
- Leases should be categorized as short-term; contracts that transfer ownership; and all other.
- Create an inventory of potential lease contracts to evaluate. Short-term contracts, less than 12 months do not need to be evaluated. (This inventory listing can be as straightforward as preparing a spreadsheet of the lease contracts).
- Determine which contracts meet the definition of a lease in accordance with the Standard.
- Gather key data from contracts in order to determine the lease term and calculate lease liability/asset or receivable/deferred inflow.
- Gather relevant data required for footnote disclosure.

Subscription-Based Information Technology Arrangements (SBITA) – GASB Statement No. 96

The Government Accounting Standards Board (GASB) Statement Number No. 96 – Subscription - Based Information Technology Arrangements (SBITA) Leases, is to be implemented by the Village in preparation of its financial statements for the year ending April 30, 2024.

A SBITA is defined as a contract that conveys control the right to use another party's (a SBITA Vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This Statement requires a government to disclose descriptive information about its SBITAs such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, and other essential information.