



## **CITY OF GENEVA, ILLINOIS**

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**AUDITOR'S COMMUNICATION TO THE  
HONORABLE MAYOR AND THE  
MEMBERS OF THE CITY COUNCIL  
AND MANAGEMENT**

**For the Year Ended April 30, 2023**



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**CITY OF GENEVA, ILLINOIS**  
**AUDITOR’S COMMUNICATION TO THE**  
**HONORABLE MAYOR AND THE**  
**MEMBERS OF THE CITY COUNCIL**  
**AND MANAGEMENT**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
COVER LETTER .....	1
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE .....	2-7
• Adjusting Journal Entries	
COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT .....	8-15
FIRM PROFILE	

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

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October 2, 2023

The Honorable Mayor  
Members of the City Council  
City of Geneva  
22 South First Street  
Geneva, Illinois 60134

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you in May 2023.

In addition, auditing standards require the communication of internal control related matters to management. Our communication of these matters is enclosed within this document.

This information is intended solely for the use of the Mayor, City Council and management of the City of Geneva and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Sikich LLP*

Sikich LLP  
By: Nick Bava, CPA, MAS  
Partner, Government Services

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

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October 2, 2023

The Honorable Mayor  
Members of the City Council  
City of Geneva, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Geneva, Illinois (the City) for the year ended April 30, 2023. 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 engagement letter to you dated March 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City 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 fiscal year ending April 30, 2023, with the exception of GASB Statement No. 87, *Leases*. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

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. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures during our audit of the financial statements, except for the actuarial valuations used to compute the total pension liabilities and the total OPEB liability.

Management's estimate of the City's total pension liabilities and total other postemployment benefit liability are based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, discount rates, healthcare trend rates, and mortality rates. We evaluated key factors and assumptions used to develop the management's estimates of the City's total pension liabilities and total other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected any such misstatements. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole with the exception of AJE#02, AJE#04 and AJE#05.

### **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 Representations**

We have requested certain representations from management that are included in the management representation letter dated October 2, 2023.

### **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 City'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 City'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 the required supplementary information and management's discussion and analysis as listed in the table of contents which is required supplementary information (RSI) that supplements 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 combining and individual fund statements and schedules as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory section or the statistical section, which accompany the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our procedures did not identify any material inconsistencies with the basic financial statements.

## **Restriction on Use**

This information is intended solely for the information and use of the Mayor, the City Council and management of the City of St. Charles and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the City and those associated with it during our audit for this year. If you have any questions regarding the purpose of this letter or the requirement mentioned, please give me a call.

Sincerely,

*Sikich LLP*

Sikich LLP

By: Nick Bava, CPA, MAS

Partner, Government Services

**City of Geneva**

Year End: April 30, 2023

**Adjusting Journal Entries**

Date: 5/1/2022 To 4/30/2023

Account No: AJE#01 To AJE#07

Number	Date	Name	Account No	Debit	Credit
AJE#01	4/30/2023	Deferred Outflows ARO	630-184.25 WF-630	60,975.00	
AJE#01	4/30/2023	Amortization - ARO	630.90.96.90-923 WF-630		-60,975.00
		To correct two years of posting ARO amortization			
AJE#02	4/30/2023	Other Financing Source Capital Leases	430.00-493.35 CE-430		-2,273,198.00
AJE#02	4/30/2023	Vehicles	430.80.82.95-825 CE-430	2,273,198.00	
		2023-00003549 Corr Create PNC/Pierce Lease			
AJE#03	4/30/2023	Certificates of Deposit	420-105 PG-420		-22,860.18
AJE#03	4/30/2023	Certificates of Deposit	620-105 EF-620		-700.26
AJE#03	4/30/2023	Certificates of Deposit	630-105 WF-630		-18,051.20
AJE#03	4/30/2023	Certificates of Deposit	720-105 CA-720		-5,465.63
AJE#03	4/30/2023	Investments US Treasuries	100-110.05 GF-100		-15,959.42
AJE#03	4/30/2023	Investments US Treasuries	620-110.05 EF-620		-24,561.75
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	100.00-481.10 GF-100	15,959.42	
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	420.00-481.10 PG-420	22,860.18	
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	620.00-481.10 EF-620	700.26	
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	620.00-481.10 EF-620	24,561.75	
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	630.00-481.10 WF-630	18,051.20	
AJE#03	4/30/2023	Interest Income Net Change in Fair Value	720.00-481.10 CA-720	5,465.63	
		Entry to correct investment values at year end			
AJE#04	4/30/2023	Deferred Outflows IMRF	620-184.05 EF-620		-1,144,661.00
AJE#04	4/30/2023	Deferred Outflows IMRF	620-184.05 EF-620	1,087,691.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	620-275.05 EF-620	3,005,074.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	620-275.05 EF-620		-2,905,947.00
AJE#04	4/30/2023	Deferred Inflows IMRF	620-284.05 EF-620		-1,807,241.00
AJE#04	4/30/2023	Deferred Inflows IMRF	620-284.05 EF-620	1,884,991.00	
AJE#04	4/30/2023	Deferred Outflows IMRF	630-184.05 WF-630		-1,003,854.00
AJE#04	4/30/2023	Deferred Outflows IMRF	630-184.05 WF-630	1,041,474.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	630-275.05 WF-630	2,635,415.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	630-275.05 WF-630		-2,746,980.00
AJE#04	4/30/2023	Deferred Inflows IMRF	630-284.05 WF-630		-1,584,930.00
AJE#04	4/30/2023	Deferred Inflows IMRF	630-284.05 WF-630	1,627,326.00	
AJE#04	4/30/2023	Deferred Outflows IMRF	643-184.05 RF-643		-13,108.00
AJE#04	4/30/2023	Deferred Outflows IMRF	643-184.05 RF-643	18,916.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	643-275.05 RF-643	34,413.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	643-275.05 RF-643		-50,069.00
AJE#04	4/30/2023	Deferred Inflows IMRF	643-284.05 RF-643		-20,696.00
AJE#04	4/30/2023	Deferred Inflows IMRF	643-284.05 RF-643	28,074.00	
AJE#04	4/30/2023	Deferred Outflows IMRF	660-184.05 CP-660		-18,941.00
AJE#04	4/30/2023	Deferred Outflows IMRF	660-184.05 CP-660	20,877.00	

Number	Date	Name	Account No	Debit	Credit
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	660-275.05 CP-660	49,725.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	660-275.05 CP-660		-50,832.00
AJE#04	4/30/2023	Deferred Inflows IMRF	660-284.05 CP-660		-29,904.00
AJE#04	4/30/2023	Deferred Inflows IMRF	660-284.05 CP-660	39,018.00	
AJE#04	4/30/2023	Deferred Outflows IMRF	920-184.05 GLTD-920		-1,783,795.00
AJE#04	4/30/2023	Deferred Outflows IMRF	920-184.05 GLTD-920	1,750,391.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	920-275.05 GLTD-920	4,682,991.00	
AJE#04	4/30/2023	Other Non-Current Liabilities Net Pension	920-275.05 GLTD-920		-4,573,635.00
AJE#04	4/30/2023	Deferred Inflows IMRF	920-284.05 GLTD-920		-2,816,335.00
AJE#04	4/30/2023	Deferred Inflows IMRF	920-284.05 GLTD-920	2,815,413.00	
AJE#04	4/30/2023	Pension Expense	620.90.95.20-529 EF-620		-19,762.00
AJE#04	4/30/2023	Pension Expense	620.90.95.20-529 EF-620		-27,361.00
AJE#04	4/30/2023	Pension Expense	620.90.95.25-529 EF-620		-28,753.00
AJE#04	4/30/2023	Pension Expense	620.90.95.25-529 EF-620		-34,702.00
AJE#04	4/30/2023	Pension Expense	620.90.95.30-529 EF-620		-1,485.00
AJE#04	4/30/2023	Pension Expense	620.90.95.30-529 EF-620		-2,002.00
AJE#04	4/30/2023	Pension Expense	620.90.95.35-529 EF-620		-1,201.00
AJE#04	4/30/2023	Pension Expense	620.90.95.35-529 EF-620		-1,335.00
AJE#04	4/30/2023	Pension Expense	620.90.95.40-529 EF-620		-697.00
AJE#04	4/30/2023	Pension Expense	620.90.95.73-529 EF-620		-1,274.00
AJE#04	4/30/2023	Pension Expense	620.90.95.73-529 EF-620		-1,335.00
AJE#04	4/30/2023	Pension Expense	630.90.96.65-529 WF-630		-15,339.00
AJE#04	4/30/2023	Pension Expense	630.90.96.65-529 WF-630	24,236.00	
AJE#04	4/30/2023	Pension Expense	630.90.96.70-529 WF-630		-7,442.00
AJE#04	4/30/2023	Pension Expense	630.90.96.70-529 WF-630	13,291.00	
AJE#04	4/30/2023	Pension Expense	630.90.96.73-529 WF-630		-1,593.00
AJE#04	4/30/2023	Pension Expense	630.90.96.73-529 WF-630	2,345.00	
AJE#04	4/30/2023	Pension Expense	630.90.96.75-529 WF-630		-8,694.00
AJE#04	4/30/2023	Pension Expense	630.90.96.75-529 WF-630	14,854.00	
AJE#04	4/30/2023	Pension Expense	630.90.96.80-529 WF-630		-11,862.00
AJE#04	4/30/2023	Pension Expense	630.90.96.80-529 WF-630	20,327.00	
AJE#04	4/30/2023	Pension Expense	630.90.96.85-529 WF-630		-1,701.00
AJE#04	4/30/2023	Pension Expense	630.90.96.85-529 WF-630	3,127.00	
AJE#04	4/30/2023	Pension Expense	643.90.00.00-529 RF-643		-609.00
AJE#04	4/30/2023	Pension Expense	643.90.00.00-529 RF-643	3,079.00	
AJE#04	4/30/2023	Pension Expense	660.70.73.00-529 CP-660		-561.00
AJE#04	4/30/2023	Pension Expense	660.70.73.00-529 CP-660		-6,525.00
AJE#04	4/30/2023	Pension Expense	660.90.00.00-529 CP-660		-319.00
AJE#04	4/30/2023	Pension Expense	660.90.00.00-529 CP-660		-2,538.00
AJE#04	4/30/2023	Pension Expense	920.30.00.00-529 GLTD-920		-13,447.00
AJE#04	4/30/2023	Pension Expense	920.30.00.00-529 GLTD-920	1,175.00	
AJE#04	4/30/2023	Pension Expense	920.50.00.00-529 GLTD-920		-15,634.00
AJE#04	4/30/2023	Pension Expense	920.50.00.00-529 GLTD-920	1,410.00	
AJE#04	4/30/2023	Pension Expense	920.60.00.00-529 GLTD-920		-7,255.00
AJE#04	4/30/2023	Pension Expense	920.60.00.00-529 GLTD-920	626.00	
AJE#04	4/30/2023	Pension Expense	920.70.00.00-529 GLTD-920		-29,779.00
AJE#04	4/30/2023	Pension Expense	920.70.00.00-529 GLTD-920	1,566.00	
AJE#04	4/30/2023	Pension Expense	920.90.91.00-529 GLTD-920		-16,746.00
AJE#04	4/30/2023	Pension Expense	920.90.91.00-529 GLTD-920	3,054.00	
		To correct IMRF reporting			

Number	Date	Name	Account No	Debit	Credit
AJE#05	4/30/2023	Accounts Payable Workers Comp Claims	715-200.50 WC-715		-315,035.66
AJE#05	4/30/2023	Accounts Payable Workers Comp Claims	715-200.50 WC-715	189,004.47	
AJE#05	4/30/2023	Accounts Payable Workers Comp Claims	715-200.50 WC-715		-315,035.66
AJE#05	4/30/2023	Accounts Payable Workers Comp Claims	715-200.50 WC-715	189,004.47	
AJE#05	4/30/2023	Workers Compensation Claims	715.40.43.00-593 WC-715	315,035.66	
AJE#05	4/30/2023	Workers Compensation Claims	715.40.43.00-593 WC-715		-189,004.47
AJE#05	4/30/2023	Workers Compensation Claims	715.40.43.00-593 WC-715	315,035.66	
AJE#05	4/30/2023	Workers Compensation Claims	715.40.43.00-593 WC-715		-189,004.47
		To correct claims incurred but unpaid posting			
AJE#06	4/30/2023	Fund Balance	620-291 EF-620	42,297.53	
AJE#06	4/30/2023	Fund Balance	630-291 WF-630	128,857.00	
AJE#06	4/30/2023	Sale of Capital Assets	910-484 GCA-910	9,895.55	
AJE#06	4/30/2023	Sale of Capital Assets	910-484 GCA-910		-39,587.27
AJE#06	4/30/2023	Sale of Capital Assets	910-484 GCA-910	8,593.50	
AJE#06	4/30/2023	Sale of Capital Assets	620.00-484 EF-620		-42,297.53
AJE#06	4/30/2023	Sale of Capital Assets	630.00-484 WF-630		-128,857.00
AJE#06	4/30/2023	Machinery & Equipment Equipment	910-174.05 GCA-910		-17,295.52
AJE#06	4/30/2023	Vehicles Vehicles	910-175.05 GCA-910	17,295.52	
AJE#06	4/30/2023	Vehicles Vehicles	910-175.05 GCA-910	39,587.27	
AJE#06	4/30/2023	Vehicles A/D - Vehicles	910-175.10 GCA-910		-9,895.55
AJE#06	4/30/2023	Donations Capital Contributions	910.30-486.25 GCA-910		-8,593.50
		To correct capital assets			
AJE#07	4/30/2023	Deferred Revenue Other	430-203.99 CE-430	3,060.53	
AJE#07	4/30/2023	Deferred Revenue Other	630-203.99 WF-630	14,647.56	
AJE#07	4/30/2023	Deferred Revenue Other	660-203.99 CP-660	102,499.98	
AJE#07	4/30/2023	Miscellaneous Other Miscellaneous Income	430.00-489.95 CE-430		-3,060.53
AJE#07	4/30/2023	Miscellaneous Other Miscellaneous Income	630.00-489.95 WF-630		-14,647.56
AJE#07	4/30/2023	Miscellaneous Other Miscellaneous Income	660.00-489.95 CP-660		-102,499.98
		To adjust for deferred revenue for the UP 3rd Rail Construction Temporary Construction License			

**CITY OF GENEVA, ILLINOIS**  
**COMMUNICATION OF DEFICIENCIES**  
**IN INTERNAL CONTROL AND**  
**OTHER COMMENTS TO MANAGEMENT**

April 30, 2023

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

The Honorable Mayor  
Members of the City Council  
City of Geneva, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. As discussed on the following pages, we identified certain deficiencies in internal control. In addition, we reviewed the status of the recommendations for the period ended April 30, 2022. The status of these recommendations is included in Appendix A.

The City's written response to the comments identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This memorandum is intended solely for the information and use of management and is not intended and should not be used by anyone other than these specified parties.

*SIKICH LLP*

Naperville, Illinois  
October 2, 2023

## **DEFICIENCY**

### **Obsolete Inventory**

During our inventory observation, a large amount of obsolete inventory was noted. As part of the physical inventory process at year-end and throughout the fiscal year, inventory should be reviewed and, if deemed obsolete, removed from the inventory list and properly disposed of.

### **Management Response**

The long-tenured Purchasing and Inventory Coordinator retired from the City in March 2023. Once the position is filled, the new coordinator will be tasked with reviewing the inventory list for validity and implementing a disposal schedule.

## **OTHER COMMENTS**

### **Future Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may affect the City in the future:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued to address issues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement is effective for fiscal year ending April 30, 2024.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of 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. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for fiscal year ending April 30, 2024.

## **OTHER COMMENTS (Continued)**

### **Future Accounting Pronouncements (Continued)**

GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirements related to leases, PPPs, and SBITAs is April 30, 2024. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is April 30, 2025.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ended April 30, 2025.

## **OTHER COMMENTS (Continued)**

### **Future Accounting Pronouncements (Continued)**

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ending April 30, 2025.

**APPENDIX A**  
**STATUS OF COMMENTS FROM APRIL 30, 2022**

**DEFICIENCIES**

**1. Segregation of Duties**

*Criteria:* Strong internal controls require the separation of custody, authorization, and recording of transactions.

*Condition/Context:* With a limited number of staff at the City, proper segregation of duties is difficult to accomplish. A fundamental element of internal control is the segregation of certain key duties. In general, the principal incompatible duties to be segregated include:

- Custody of assets, in particular cash
- Authorization or approval of related transaction affecting those assets
- Recording or reporting of related transactions
- Execution of the transaction of transaction or transaction activity

An essential feature of segregation of duties within an organization is that no one employee or group of employees has exclusive control over any transaction or group of transactions. We noted specific lack of segregation of duties listed below. This list would not be considered to be all inclusive as we did not perform a review of all control structures throughout the City. We consider the following to be deficiencies in internal control for the City:

Manual Journal Entries

During our testing of manual journal entry posting, we noted the process is for entries to be reviewed and approved by someone other than the original preparer. However, superuser access within the system could allow an individual to prepare, approve, and post journal entries without secondary review and approval. While the current settings require individuals who enter journal entries to receive secondary review prior to posting, the superuser can override this setting. We recommend that superuser access is limited to the extent possible and that all journal entries receive secondary review and approval.

**Status:** This comment is still applicable as of April 30, 2023.

**Management Response**

As requested during the FY 2021 and 2022 audit, the financial software is programmed to request two approvals for all journal entries. Manual journal entries make up 20% of all journals. Of those entries, 93 transactions were approved by only one superuser. City staff with no access to journal entries will review a report each quarter and identify any single approved entries and discuss them with the City Administrator.

## **DEFICIENCIES (Continued)**

### **2. Pension Board Minute Documentation**

As part of our Board minute review for the Police Pension Fund, we noted an opportunity for the Fund to expand on their disclosure of certain information pertaining to what is approved during each respective meeting. For example, the Fund could further expand upon information related to memberships into the Fund, as well as details specific to the approved retirement and disability benefits.

**Status:** This comment is still applicable as of April 30, 2023.

#### **Management Response**

The Police Pension Board reviews the benefits for each benefit calculation for approval however, the discussions and details are not documented in the meeting minutes. The Police Pension fund President and Secretary have been notified and will provide more detail in the minutes in the future.

### **3. Reimbursed Expenditures**

During our review of the financial statements, we noted that the City maintains reimbursed expenditure accounts used to track building deposit reimbursements. However, the payments of these funds by the City are not expenditures of the City. Rather, the payments are to be reimbursed by third parties. Therefore, in accordance with generally accepted accounting principles, accounting for these transactions through a balance sheet account is more appropriate.

**Status:** This comment is still applicable as of April 30, 2023. During our balance sheet review, certain contractor deposit accounts (liability) reported debit balances. These accounts are created to ensure proper accounting of expenses incurred by the City as a pass-through and are the responsibility of the developer to reimburse the City.

#### **Management Response**

The Finance and Community Development Departments have created a monthly process of reviewing each project, and if expenses are over the deposit, Finance will request additional deposits. This process also identifies the projects that are completed to refund or request additional funds when closing out the project. The next phase involves the Finance Department implementing the same process with the Public Works Department.

## **DEFICIENCIES (Continued)**

### **4. Capital Asset Records**

During our audit, we noted that some of the older capital assets records of the City do not contain specific asset identification methodology, resulting in an inability to accurately remove replaced capital assets from the records. We recommend that the City evaluate the cost benefit of performing a capital asset inventory for these older assets.

**Status:** This comment is still applicable as of April 30, 2023.

#### **Management Response**

The Finance Department is working with other City Departments to identify assets that are no longer in service or in our possession. When GASB 34 was implemented in 2003; electric, water and streets assets were valued in total not by location. The lack of location makes it difficult to identify historical cost related to a section of the infrastructure asset that was replaced during the year.

**Sikich LLP is a global company specializing in technology-enabled professional services.**

Now with more than 1,600 employees, Sikich draws on a diverse portfolio of technology solutions to deliver transformative digital strategies and ranks as one of the largest CPA firms in the United States. From corporations and not-for-profits to state and local governments and federal agencies, Sikich clients utilize a broad spectrum of services and products to help them improve performance and achieve long-term, strategic goals.

**INDUSTRIES**

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

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LIFE SCIENCES	MANUFACTURING	NOT-FOR-PROFIT
PRIVATE EQUITY	PROFESSIONAL SERVICES	

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- Audit & Assurance
- Consulting Services
- Employee Benefit Plan Audits
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- Tax

**TECHNOLOGY**

- Business Application
- Cloud & Infrastructure
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- Digital Transformation Consulting

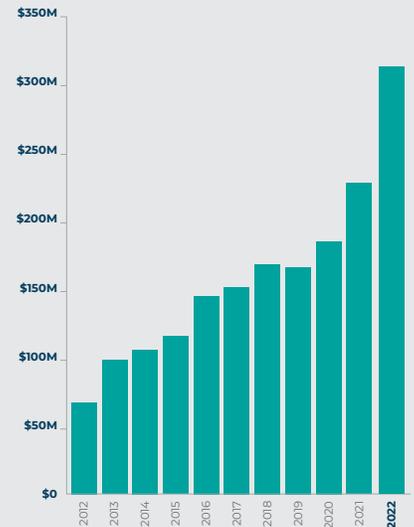
**ADVISORY**

- Forensic & Valuation Services
- Governance, Risk & Compliance Services
- Human Capital Management & Payroll Consulting
- Insurance Services
- Investment Banking\*
- Marketing & Communications
- Retirement Plan Services
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- Site Selection & Business Incentives
- Succession Planning
- Supply Chain
- Transaction Advisory Services
- Wealth Management\*\*
- Workforce Risk Management

\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.  
 \*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

**WHO WE ARE**

TOTAL PARTNERS .....100+  
 TOTAL PERSONNEL .....1,600+  
 2022 REVENUE .....\$316.4M



**OFFICE LOCATIONS**

- |                         |                        |
|-------------------------|------------------------|
| <b>Ahmedabad, GJ</b>    | <b>Milwaukee, WI</b>   |
| <b>Akron, OH</b>        | (262) 754-9400         |
| (330) 864-6661          | <b>Naperville, IL</b>  |
| <b>Alexandria, VA</b>   | (630) 566-8400         |
| (703) 836-1350          | <b>Peoria, IL</b>      |
| (703) 836-6701          | (309) 694-4251         |
| <b>Bangalore, KA</b>    | <b>Princeton, NJ</b>   |
| <b>Boston, MA</b>       | (609) 285-5000         |
| (508) 485-5588          | <b>Springfield, IL</b> |
| <b>Chattanooga, TN</b>  | (217) 793-3363         |
| (423) 954-3007          | <b>St. Louis, MO</b>   |
| <b>Chicago, IL</b>      | (314) 275-7277         |
| (312) 648-6666          | <b>Washington, MO</b>  |
| <b>Decatur, IL</b>      | (636) 239-4785         |
| (217) 423-6000          |                        |
| <b>Indianapolis, IN</b> |                        |
| (317) 842-4466          |                        |
| <b>Los Angeles, CA</b>  |                        |
| (877) 279-1900          |                        |

## CULTURE

Our dynamic work culture fosters learning, growth and innovation, attracting top-notch team members who see the big picture. Sikich's culture is built on a flexible, trusting work environment and the key pillars of Absolute Integrity, Bias for Action, Continuous Innovation and Servant Leadership. We believe our people are our greatest asset and work hard to ensure that all team members feel empowered, comfortable and valued.



## CERTIFICATIONS & AWARDS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the **American Institute of Certified Public Accountants' Governmental Audit Quality Center** and the **Employee Benefit Plan Audit Quality Center**.

We adhere to the strict requirements of membership, which assure we meet the highest standards of audit quality. **In 2020, Sikich received its 11th consecutive unmodified ("pass") peer review report**, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

Sikich ranks among the **top 30 firms nationally** on the *Accounting Today* **Top 100 Firms list**.



Sikich is a **Microsoft Dynamics' 2023/2024 Inner Circle** award recipient, a recognition that places Sikich in the **top 1% of all Microsoft Business Applications partners globally**.



We also maintain the **Oracle NetSuite 5 Star Award** and are among the **top three U.S. partners of Oracle NetSuite**.



Sikich ranks on the **Redmond Channel Partner Magazine's top 350 Microsoft partners in the U.S.**, **CRN's Top 500 Managed Service Providers**, **CRN's Top 500 Solution Providers** and **Channel Futures' MSP 501**.



## NET PROMOTER SCORE

**The firm's overall Net Promoter Score (NPS) is 87%.**

This is a measure of our clients' willingness to recommend Sikich's services and products. An NPS of 50% is considered excellent, and 70% NPS is considered world-class.

