



**CITY OF ROCK FALLS, ILLINOIS**

---

AUDITOR'S COMMUNICATION TO THE  
CITY COUNCIL

For the Year Ended April 30, 2018



SIKICH.COM

**CITY OF ROCK FALLS, ILLINOIS**  
**AUDITOR’S COMMUNICATION TO THE CITY COUNCIL**  
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401 W. State Street, Suite 509  
Rockford, IL 61101  
815.282.6565

**SIKICH.COM**

October 11, 2018

The Honorable Mayor  
Members of the City Council  
City of Rock Falls  
603 West 10<sup>th</sup> Street  
Rock Falls, Illinois 61071

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 auditing 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 on May 1, 2018.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our communication of these matters as well as a listing of future pronouncements that may affect the City, is enclosed within this document.

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

Very truly yours,

*Sikich LLP*

Sikich LLP  
By: Anthony M. Cervini, CPA  
Partner

401 W. State Street, Suite 509  
Rockford, IL 61101  
815.282.6565

**SIKICH.COM**

October 11, 2018

The Honorable Mayor  
Members of the City Council  
City of Rock Falls, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rock Falls, Illinois (the City) for the year ended April 30, 2018. 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 February 7, 2018. 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. 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 the City of Rock Falls, Illinois 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, 2018. 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. A sensitive estimate affecting the City's financial statements are the allowance for uncollectible accounts. Management's estimate of the liability under the retiree health plan and pension plans are based on plan provisions, plan participants, benefit payments and assumptions made by management about future events. The City retains an actuary to perform a valuation to determine the City's obligations and cost for the fiscal year. We evaluated the key factors and assumptions used by the actuary to develop the liability under the retiree health plan and pension plans in determining that it is reasonable in relation to the financial statements taken as a whole. We evaluated the key factors and assumptions used to develop these estimates in determining they are 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 our audit.

## **Corrected 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. Management has corrected all such misstatements. In addition, 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 entry numbers AJE-01, AJE-06, AJE-09, AJE-10, AJE-13, AJE-14, AJE-15, AJE-18, AJE-19, AJE-24, AJE-25, AJE-26, AJE-27, and AJE-28 on the attached schedule of adjusting journal entries.

## **Disagreement 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.

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated October 11, 2018.

## **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 of Rock Falls, Illinois' 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 of Rock Falls, Illinois' 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 (RSI) as listed in the table of contents which are 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 individual and combining statements and schedules, which accompany the basic 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 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.

## **Restriction on Use**

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

Very truly yours,

*Sikich LLP*

Sikich LLP

By: Anthony M. Cervini, CPA

Partner

**CORF**

Year End: April 30, 2018

**Adjusting Journal Entries**

| Number | Date      | Name                   | Account No           | Debit      | Credit      |
|--------|-----------|------------------------|----------------------|------------|-------------|
| AJE-01 | 4/30/2018 | CASH                   | 20-20-00-1014 MEF-20 | 513,094.81 |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 20-20-00-3800 MEF-20 |            | -513,094.81 |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 20-20-00-3800 MEF-20 |            |             |
| AJE-01 | 4/30/2018 | CASH                   | 30-30-00-1010 MSSF-3 |            | -206,964.13 |
| AJE-01 | 4/30/2018 | CASH                   | 30-30-00-1010 MSSF-3 | 9,824.24   |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 30-30-00-3800 MSSF-3 |            | -9,824.24   |
| AJE-01 | 4/30/2018 | FUND BALANCE-PRIOR     | 30-38-00-3800 MSSF-3 |            |             |
| AJE-01 | 4/30/2018 | FUND BALANCE-PRIOR     | 30-38-00-3800 MSSF-3 | 206,964.13 |             |
| AJE-01 | 4/30/2018 | CASH                   | 40-40-00-1010 MWF-40 | 34,515.71  |             |
| AJE-01 | 4/30/2018 | CASH                   | 40-40-00-1010 MWF-40 |            | -300.42     |
| AJE-01 | 4/30/2018 | CASH                   | 40-40-00-1010 MWF-40 |            | -9,824.24   |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 40-40-00-3800 MWF-40 |            | -34,515.71  |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 40-40-00-3800 MWF-40 |            |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 40-40-00-3800 MWF-40 | 300.42     |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 40-40-00-3800 MWF-40 | 9,824.24   |             |
| AJE-01 | 4/30/2018 | CASH                   | 50-50-00-1010 MGF-50 | 44,230.96  |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 50-50-00-3800 MGF-50 |            |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 50-50-00-3800 MGF-50 |            |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 50-50-00-3800 MGF-50 |            | -44,230.96  |
| AJE-01 | 4/30/2018 | CASH                   | 51-51-00-1010 CSC-51 |            | -134,629.29 |
| AJE-01 | 4/30/2018 | FUND BALANCE - PRIOR   | 51-51-00-3800 CSC-51 | 90,185.32  |             |
| AJE-01 | 4/30/2018 | FUND BALANCE - PRIOR   | 51-51-00-3800 CSC-51 | 133,907.12 |             |
| AJE-01 | 4/30/2018 | FUND BALANCE - CURRENT | 51-51-00-3801 CSC-51 |            | -89,463.15  |
| AJE-01 | 4/30/2018 | CASH                   | 75-75-00-1010 CUD-75 |            | -249,947.64 |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 75-75-00-3800 CUD-75 | 249,074.62 |             |
| AJE-01 | 4/30/2018 | FUND BALANCE PRIOR     | 75-75-00-3800 CUD-75 |            | -1,046.22   |
| AJE-01 | 4/30/2018 | FUND BALANCE-CURRENT   | 75-75-00-3801 CUD-75 | 1,919.24   |             |

To allocate fund balanace into proper funds.

|        |           |                      |                      |           |            |
|--------|-----------|----------------------|----------------------|-----------|------------|
| AJE-02 | 4/30/2018 | FUND BALANCE PRIOR   | 20-20-00-3800 MEF-20 | 34,863.24 |            |
| AJE-02 | 4/30/2018 | FUND BALANCE PRIOR   | 20-20-00-3800 MEF-20 |           | -2,919.99  |
| AJE-02 | 4/30/2018 | MISCELLANEOUS INCOME | 20-20-00-4800 MEF-20 | 2,919.99  |            |
| AJE-02 | 4/30/2018 | BAD DEBT EXPENSE     | 20-20-00-5563 MEF-20 |           | -34,863.24 |
| AJE-02 | 4/30/2018 | FUND BALANCE PRIOR   | 40-40-00-3800 MWF-40 |           | -1,196.81  |
| AJE-02 | 4/30/2018 | MISCELLANEOUS INCOME | 40-40-00-4800 MWF-40 | 1,196.81  |            |

To adjust differences in fund balance. Sikich noted changes in bad debt allowances were recorded against fund balance accounts.

| Number   | Date      | Name                           | Account No              | Debit        | Credit      |
|--|-----------|--------------------------------|-------------------------|--------------|-------------|
| AJE-03   | 4/30/2018 | ACC REC - LIMESTONE GRANT      | 10-12-00-1556 GF-10     | 9,132.69     |             |
| AJE-03   | 4/30/2018 | USEPA GRANT-LIMESTONE BUILDING | 10-12-00-4700 GF-10     |              | -9,132.69   |
| To record current year A/R on USEPA grant.               |           |                                |                         |              |             |
| AJE-04   | 4/30/2018 | BOND PREMIUM                   | 90-90-00-2800 GLTDAG-90 | 8,542.06     |             |
| AJE-04   | 4/30/2018 | BOND PREMIUM                   | 90-90-00-7000 GLTDAG-90 |              | -8,542.06   |
| General Long Term Debt Account Group<br>Journal Entries. |           |                                |                         |              |             |
| AJE-06   | 4/30/2018 | CASH HELD WITH PAYING AGENT    | 30-30-00-1035 MSSF-3    |              | -384,615.38 |
| AJE-06   | 4/30/2018 | IEPA LOAN PAYABLE L17-2650     | 30-30-00-2400 MSSF-3    | 1,153,846.14 |             |
| AJE-06   | 4/30/2018 | IEPA LOAN PAYABLE L17-4568     | 30-30-00-2401 MSSF-3    | 176,084.23   |             |
| AJE-06   | 4/30/2018 | IEPA LOAN PAYABLE L17-3012     | 30-30-00-2402 MSSF-3    | 22,790.94    |             |
| AJE-06   | 4/30/2018 | EPA LOAN PAYABLE               | 30-30-00-2405 MSSF-3    |              | -39,957.13  |
| AJE-06   | 4/30/2018 | EPA LOAN PAYABLE               | 30-30-00-2406 MSSF-3    |              | -968,105.93 |
| AJE-06   | 4/30/2018 | INTERST PAYABLE                | 30-38-00-2065 MSSF-3    | 2,262.88     |             |
| AJE-06   | 4/30/2018 | INTERST PAYABLE                | 30-38-00-2065 MSSF-3    |              |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE - IEPA LOANS  | 30-38-00-5651 MSSF-3    | 49,125.99    |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE - IEPA LOANS  | 30-38-00-5651 MSSF-3    | 2,178.71     |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE - IEPA LOANS  | 30-38-00-5651 MSSF-3    |              | -13,609.68  |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE - IEPA LOANS  | 30-38-00-5651 MSSF-3    |              | -0.77       |
| AJE-06   | 4/30/2018 | CASH HELD WITH PAYING AGENT    | 40-40-00-1035 MWF-40    |              | -13,120.43  |
| AJE-06   | 4/30/2018 | CASH HELD WITH PAYING AGENT    | 40-40-00-1035 MWF-40    |              |             |
| AJE-06   | 4/30/2018 | INTEREST PAYABLE               | 40-40-00-2060 MWF-40    |              | -19,296.38  |
| AJE-06   | 4/30/2018 | INTEREST PAYABLE               | 40-40-00-2060 MWF-40    |              | -845.93     |
| AJE-06   | 4/30/2018 | INTEREST PAYABLE               | 40-40-00-2060 MWF-40    |              |             |
| AJE-06   | 4/30/2018 | EPA LOAN PAYABLE               | 40-40-00-2405 MWF-40    |              | -35,242.36  |
| AJE-06   | 4/30/2018 | IEPA LOAN PAYABLE L175023      | 40-40-00-2406 MWF-40    | 41,456.77    |             |
| AJE-06   | 4/30/2018 | IEPA LOAN PAYABLE L175023      | 40-40-00-2406 MWF-40    | 18,046.96    |             |
| AJE-06   | 4/30/2018 | MUNICIPAL REVENUE              | 40-40-00-4120 MWF-40    |              | -13,358.18  |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    |              | -8,726.38   |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    | 845.93       |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    | 21,319.10    |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    | 13,358.18    |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    | 13,609.68    |             |
| AJE-06   | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    |              | -18,046.96  |
| To correct IEPA loan balances.                           |           |                                |                         |              |             |
| AJE-07   | 4/30/2018 | NEW CARS                       | 10-06-00-5214 GF-10     |              | -34,384.56  |
| AJE-07   | 4/30/2018 | CASH HELD WITH PAYING AGENT    | 10-10-00-1035 GF-10     |              |             |
| AJE-07   | 4/30/2018 | CASH HELD WITH PAYING AGENT    | 10-10-00-1035 GF-10     |              |             |
| AJE-07   | 4/30/2018 | LOAN/PRINCIPAL                 | 10-10-00-5130 GF-10     |              |             |
| AJE-07   | 4/30/2018 | LOAN/PRINCIPAL                 | 10-10-00-5130 GF-10     | 34,078.00    |             |



| Number | Date      | Name                        | Account No           | Debit  | Credit |
|--------|-----------|-----------------------------|----------------------|--------|--------|
| AJE-07 | 4/30/2018 | INT - STREET SWEEPER LEASE  | 10-10-00-5138 GF-10  | 306.56 |        |
| AJE-07 | 4/30/2018 | INT - STREET SWEEPER LEASE  | 10-10-00-5138 GF-10  |        |        |
| AJE-07 | 4/30/2018 | CASH HELD WITH PAYING AGENT | 20-20-00-1035 MEF-20 |        |        |
| AJE-07 | 4/30/2018 | CASH HELD WITH PAYING AGENT | 20-20-00-1035 MEF-20 |        |        |
| AJE-07 | 4/30/2018 | LEASE OBLIGATION PAYABLE    | 20-20-00-2001 MEF-20 |        |        |
| AJE-07 | 4/30/2018 | INTEREST PAYABLE-LEASE      | 20-20-00-2060 MEF-20 |        |        |

To correct capital lease balances.

|        |           |                          |                      |           |            |
|--------|-----------|--------------------------|----------------------|-----------|------------|
| AJE-08 | 4/30/2018 | CASH                     | 20-20-00-1014 MEF-20 |           | -9,237.00  |
| AJE-08 | 4/30/2018 | EQUIPMENT                | 20-20-00-1500 MEF-20 | 57,053.39 |            |
| AJE-08 | 4/30/2018 | RES FOR DEPREC-EQUIPMENT | 20-20-00-1525 MEF-20 |           | -47,816.39 |
| AJE-08 | 4/30/2018 | CASH                     | 51-51-00-1010 CSC-51 | 9,237.00  |            |
| AJE-08 | 4/30/2018 | EQUIPMENT                | 51-51-00-1500 CSC-51 |           | -57,053.39 |
| AJE-08 | 4/30/2018 | RES FOR DEPRECIATION     | 51-51-00-1525 CSC-51 | 47,816.39 |            |

To allocate Customer Service Center into proper funds.

|        |           |                               |                    |              |               |
|--------|-----------|-------------------------------|--------------------|--------------|---------------|
| AJE-09 | 4/30/2018 | LAND IMPROVEMENTS             | 95-95-00-1505 G-95 | 541,462.74   |               |
| AJE-09 | 4/30/2018 | EQUIPMENT                     | 95-95-00-1520 G-95 |              | -501.26       |
| AJE-09 | 4/30/2018 | FUND BALANCE PRIOR            | 95-95-00-3800 G-95 |              | -2,868,099.81 |
| AJE-09 | 4/30/2018 | GFAAG - PUBLIC SAFETY EXPENSE | 95-95-00-5801 G-95 |              | -24,317.50    |
| AJE-09 | 4/30/2018 | GFAAG - HIGHWAY & STREET EXP  | 95-95-00-5802 G-95 |              | -1,032,765.68 |
| AJE-09 | 4/30/2018 | GENERAL GOVERNMENT ADDITIONS  | 95-95-00-5803 G-95 | 2,868,099.81 |               |
| AJE-09 | 4/30/2018 | GENERAL GOVERNMENT ADDITIONS  | 95-95-00-5803 G-95 |              | -541,462.74   |
| AJE-09 | 4/30/2018 | GENERAL GOVERNMENT ADDITIONS  | 95-95-00-5803 G-95 | 501.26       |               |
| AJE-09 | 4/30/2018 | GENERAL GOVERNMENT ADDITIONS  | 95-95-00-5803 G-95 | 1,032,765.68 |               |
| AJE-09 | 4/30/2018 | GENERAL GOVERNMENT ADDITIONS  | 95-95-00-5803 G-95 | 24,317.50    |               |

To correct balances in GFAAG.

|        |           |                            |                      |            |             |
|--------|-----------|----------------------------|----------------------|------------|-------------|
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOW-IMRF      | 20-20-00-1480 MEF-20 | 467.00     |             |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOW-IMRF      | 20-20-00-1480 MEF-20 |            | -258,934.00 |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOW-IMRF      | 20-20-00-1480 MEF-20 | 175,424.88 |             |
| AJE-10 | 4/30/2018 | NET PENSION LIABILITY-IMRF | 20-20-00-2450 MEF-20 | 725,372.00 |             |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF      | 20-20-00-2451 MEF-20 |            | -129,980.00 |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF      | 20-20-00-2451 MEF-20 |            | -315,009.00 |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF      | 20-20-00-2451 MEF-20 |            | -175,424.88 |
| AJE-10 | 4/30/2018 | Pension expense            | 20-20-00-5700 MEF-20 |            | -21,916.00  |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF     | 30-30-00-1480 MSSF-3 | 161.00     |             |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF     | 30-30-00-1480 MSSF-3 |            | -89,498.00  |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF     | 30-30-00-1480 MSSF-3 | 60,633.49  |             |
| AJE-10 | 4/30/2018 | NET PENSION LIABILITY-IMRF | 30-30-00-2450 MSSF-3 | 250,716.00 |             |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF      | 30-30-00-2451 MSSF-3 |            | -44,926.00  |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF      | 30-30-00-2451 MSSF-3 |            | -108,879.00 |

| Number | Date      | Name                               | Account No              | Debit      | Credit      |
|--------|-----------|------------------------------------|-------------------------|------------|-------------|
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF              | 30-30-00-2451 MSSF-3    |            | -60,633.49  |
| AJE-10 | 4/30/2018 | Pension expense                    | 30-30-00-5700 MSSF-3    |            | -7,574.00   |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 40-40-00-1470 MWF-40    | 162.00     |             |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 40-40-00-1470 MWF-40    |            | -90,034.00  |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 40-40-00-1470 MWF-40    | 60,996.72  |             |
| AJE-10 | 4/30/2018 | NET PENSION LIABILITY-IMRF         | 40-40-00-2450 MWF-40    | 252,218.00 |             |
| AJE-10 | 4/30/2018 | DEFERRED INFLOW IMRF               | 40-40-00-2451 MWF-40    |            | -45,195.00  |
| AJE-10 | 4/30/2018 | DEFERRED INFLOW IMRF               | 40-40-00-2451 MWF-40    |            | -109,531.00 |
| AJE-10 | 4/30/2018 | DEFERRED INFLOW IMRF               | 40-40-00-2451 MWF-40    |            | -60,996.72  |
| AJE-10 | 4/30/2018 | Pension expense                    | 40-40-00-5700 MWF-40    |            | -7,620.00   |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 50-50-00-1480 MGF-50    |            | -70.00      |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 50-50-00-1480 MGF-50    | 47.70      |             |
| AJE-10 | 4/30/2018 | NET PENSION LIABILITY-IMRF         | 50-50-00-2450 MGF-50    | 197.00     |             |
| AJE-10 | 4/30/2018 | DEFERRED NFLOW OF RESOURCES        | 50-50-00-2451 MGF-50    |            | -35.00      |
| AJE-10 | 4/30/2018 | DEFERRED NFLOW OF RESOURCES        | 50-50-00-2451 MGF-50    |            | -86.00      |
| AJE-10 | 4/30/2018 | DEFERRED NFLOW OF RESOURCES        | 50-50-00-2451 MGF-50    |            | -47.70      |
| AJE-10 | 4/30/2018 | Pension expense                    | 50-50-00-5700 MGF-50    |            | -6.00       |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 90-90-00-1480 GLTDAG-90 | 377.00     |             |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 90-90-00-1480 GLTDAG-90 |            | -209,117.00 |
| AJE-10 | 4/30/2018 | DEFERRED OUTFLOWS-IMRF             | 90-90-00-1480 GLTDAG-90 | 141,674.21 |             |
| AJE-10 | 4/30/2018 | NET PENSION LIABILITY-IMRF         | 90-90-00-2450 GLTDAG-90 | 585,815.00 |             |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF              | 90-90-00-2451 GLTDAG-90 |            | -104,973.00 |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF              | 90-90-00-2451 GLTDAG-90 |            | -254,403.00 |
| AJE-10 | 4/30/2018 | DEFERRED INFLOWS-IMRF              | 90-90-00-2451 GLTDAG-90 |            | -141,674.21 |
| AJE-10 | 4/30/2018 | Change in NPL - General Government | 90-90-00-5903 GLTDAG-90 |            | -10,619.00  |
| AJE-10 | 4/30/2018 | Change in NPL - Streets            | 90-90-00-5904 GLTDAG-90 |            | -7,080.00   |

To record changes in IMRF NPL.

|        |           |                    |                      |          |           |
|--------|-----------|--------------------|----------------------|----------|-----------|
| AJE-11 | 4/30/2018 | JOBS IN PROCESS    | 40-40-00-1570 MWF-40 | 9,824.24 |           |
| AJE-11 | 4/30/2018 | FUND BALANCE PRIOR | 40-40-00-3800 MWF-40 |          | -9,824.24 |

To correct fund balance for FY17 invoices that were accrued but not recorded by the City.

|        |           |                      |                       |        |         |
|--------|-----------|----------------------|-----------------------|--------|---------|
| AJE-12 | 4/30/2018 | FUND BALANCE PRIOR   | 18-18-00-3800 ESDA-18 |        | -133.25 |
| AJE-12 | 4/30/2018 | FUND BALANCE-CURRENT | 18-18-00-3801 ESDA-18 | 133.25 |         |

To eliminate ESDA fund balance.

|        |           |                             |                     |            |             |
|--------|-----------|-----------------------------|---------------------|------------|-------------|
| AJE-13 | 4/30/2018 | STATE INCOME TAX RECEIVABLE | 10-01-00-1200 GF-10 |            | -127,083.86 |
| AJE-13 | 4/30/2018 | STATE INCOME TAX            | 10-01-00-4300 GF-10 | 127,083.86 |             |

To eliminate receivable for State Income Tax as amount relates to FY19.

| Number | Date      | Name                        | Account No           | Debit      | Credit      |
|--------|-----------|-----------------------------|----------------------|------------|-------------|
| AJE-14 | 4/30/2018 | CASH                        | 20-20-00-1014 MEF-20 |            | -35,006.17  |
| AJE-14 | 4/30/2018 | CASH EQUIVALENT             | 20-20-00-1025 MEF-20 | 36,550.50  |             |
| AJE-14 | 4/30/2018 | INVESTMENTS                 | 20-20-00-1030 MEF-20 | 93,772.95  |             |
| AJE-14 | 4/30/2018 | ACCRUED INTEREST RECEIVABLE | 20-20-00-1140 MEF-20 | 246.54     |             |
| AJE-14 | 4/30/2018 | DUE FROM CUD                | 20-20-00-1349 MEF-20 |            | -96.22      |
| AJE-14 | 4/30/2018 | ACCOUNTS PAYABLE            | 20-20-00-2000 MEF-20 |            | -43.65      |
| AJE-14 | 4/30/2018 | Customer Utility Deposits   | 20-20-00-2100 MEF-20 |            | -131,529.01 |
| AJE-14 | 4/30/2018 | Customer Utility Deposits   | 20-20-00-2100 MEF-20 | 36,580.36  |             |
| AJE-14 | 4/30/2018 | INTEREST INCOME             | 20-20-00-4040 MEF-20 |            | -782.53     |
| AJE-14 | 4/30/2018 | MISCELLANEOUS EXPENSE       | 20-20-00-5588 MEF-20 | 307.23     |             |
| AJE-14 | 4/30/2018 | CASH                        | 30-30-00-1010 MSSF-3 |            | -37,267.13  |
| AJE-14 | 4/30/2018 | CASH EQUIVALENT             | 30-30-00-1025 MSSF-3 | 39,147.18  |             |
| AJE-14 | 4/30/2018 | INVESTMENTS                 | 30-30-00-1030 MSSF-3 | 100,434.92 |             |
| AJE-14 | 4/30/2018 | ACCRUED INTEREST RECEIVABLE | 30-30-00-1140 MSSF-3 | 264.05     |             |
| AJE-14 | 4/30/2018 | ACCOUNTS PAYABLE            | 30-30-00-2000 MSSF-3 |            | -46.75      |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 30-30-00-2100 MSSF-3 |            | -140,873.30 |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 30-30-00-2100 MSSF-3 | 39,179.15  |             |
| AJE-14 | 4/30/2018 | INTEREST INCOME             | 30-30-00-4040 MSSF-3 |            | -838.12     |
| AJE-14 | 4/30/2018 | CASH                        | 40-40-00-1010 MWF-40 |            | -9,706.37   |
| AJE-14 | 4/30/2018 | CASH EQUIVALENT             | 40-40-00-1025 MWF-40 | 10,196.04  |             |
| AJE-14 | 4/30/2018 | INVESTMENTS                 | 40-40-00-1030 MWF-40 | 26,158.68  |             |
| AJE-14 | 4/30/2018 | ACCRUED INTEREST RECEIVABLE | 40-40-00-1140 MWF-40 | 68.77      |             |
| AJE-14 | 4/30/2018 | ACCOUNTS PAYABLE            | 40-40-00-2000 MWF-40 |            | -12.18      |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 40-40-00-2100 MWF-40 |            | -36,691.02  |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 40-40-00-2100 MWF-40 | 10,204.37  |             |
| AJE-14 | 4/30/2018 | INTEREST INCOME             | 40-40-00-4040 MWF-40 |            | -218.29     |
| AJE-14 | 4/30/2018 | CASH                        | 50-50-00-1010 MGF-50 |            | -964.11     |
| AJE-14 | 4/30/2018 | CASH EQUIVALENT             | 50-50-00-1025 MGF-50 | 1,012.75   |             |
| AJE-14 | 4/30/2018 | INVESTMENTS                 | 50-50-00-1030 MGF-50 | 2,598.29   |             |
| AJE-14 | 4/30/2018 | ACCRUED INTEREST RECEIVABLE | 50-50-00-1140 MGF-50 | 6.83       |             |
| AJE-14 | 4/30/2018 | ACCOUNTS PAYABLE            | 50-50-00-2000 MGF-50 |            | -1.21       |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 50-50-00-2100 MGF-50 |            | -3,644.45   |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS   | 50-50-00-2100 MGF-50 | 1,013.58   |             |
| AJE-14 | 4/30/2018 | INTEREST INCOME             | 50-50-00-4040 MGF-50 |            | -21.68      |
| AJE-14 | 4/30/2018 | CASH                        | 75-75-00-1010 CUD-75 | 82,943.80  |             |
| AJE-14 | 4/30/2018 | CASH EQUIVALENT             | 75-75-00-1025 CUD-75 |            | -86,906.47  |
| AJE-14 | 4/30/2018 | INVESTMENTS                 | 75-75-00-1030 CUD-75 |            | -222,964.84 |
| AJE-14 | 4/30/2018 | ACCRUED INTEREST RECEIVABLE | 75-75-00-1040 CUD-75 |            | -586.20     |
| AJE-14 | 4/30/2018 | ACCOUNTS PAYABLE            | 75-75-00-2000 CUD-75 | 103.78     |             |
| AJE-14 | 4/30/2018 | CUSTOMER UTILITY DEP-ACTIVE | 75-75-00-2100 CUD-75 | 312,737.78 |             |
| AJE-14 | 4/30/2018 | DUE TO ELECTRIC             | 75-75-00-2350 CUD-75 | 96.22      |             |
| AJE-14 | 4/30/2018 | INTEREST INCOME             | 75-75-00-4040 CUD-75 | 1,860.62   |             |
| AJE-14 | 4/30/2018 | MISCELLANEOUS EXPENSE       | 75-75-00-5088 CUD-75 |            | -307.23     |
| AJE-14 | 4/30/2018 | OPERATING TRANSFER OUT      | 75-75-00-5090 CUD-75 |            | -86,977.46  |

To allocate Fund 75 into various funds.

| Number | Date      | Name  | Account No           | Debit     | Credit      |
|--------|-----------|---|----------------------|-----------|-------------|
| AJE-15 | 4/30/2018 | CASH  | 20-20-00-1014 MEF-20 | 40,984.54 |             |
| AJE-15 | 4/30/2018 | ACCOUNTS PAYABLE                              | 20-20-00-2000 MEF-20 |           | -310.05     |
| AJE-15 | 4/30/2018 | ACCRUED WAGES                                 | 20-20-00-2040 MEF-20 |           | -2,489.72   |
| AJE-15 | 4/30/2018 | ACCRUED VACATION                              | 20-20-00-2050 MEF-20 |           | -5,236.85   |
| AJE-15 | 4/30/2018 | ACCRUED SICK                                  | 20-20-00-2055 MEF-20 |           | -1,056.24   |
| AJE-15 | 4/30/2018 | EMPLOYEE HEALTH INSURANCE REIM                | 20-20-00-4000 MEF-20 |           | -4,611.45   |
| AJE-15 | 4/30/2018 | INTEREST INCOME                               | 20-20-00-4040 MEF-20 | 1,072.70  |             |
| AJE-15 | 4/30/2018 | TRANSFER FROM CUST SERVICE                    | 20-20-00-4498 MEF-20 | 60,000.00 |             |
| AJE-15 | 4/30/2018 | CREDIT CARD CONVENIENCE FEE                   | 20-20-00-4700 MEF-20 |           | -5,663.32   |
| AJE-15 | 4/30/2018 | MISCELLANEOUS INCOME                          | 20-20-00-4800 MEF-20 |           | -6,501.95   |
| AJE-15 | 4/30/2018 | OVERTIME                                      | 20-20-00-5510 MEF-20 | 18.73     |             |
| AJE-15 | 4/30/2018 | SALARY/WAGES                                  | 20-20-00-5511 MEF-20 | 84,479.19 |             |
| AJE-15 | 4/30/2018 | COMMODITIES TRANSFERRED FROM FUND 51          | 20-20-00-5523 MEF-20 | 62,705.99 |             |
| AJE-15 | 4/30/2018 | CONTRACTUAL SERVICES TRANSFERRED FROM FUND 51 | 20-20-00-5524 MEF-20 | 6,477.74  |             |
| AJE-15 | 4/30/2018 | SOCIAL SECURITY TAX EXPENSE                   | 20-20-00-5566 MEF-20 | 5,056.36  |             |
| AJE-15 | 4/30/2018 | IMRF PENSION EXPENSE                          | 20-20-00-5569 MEF-20 | 8,242.31  |             |
| AJE-15 | 4/30/2018 | INSURANCE EXPENSE-EMPLOYEE                    | 20-20-00-5572 MEF-20 | 26,872.50 |             |
| AJE-15 | 4/30/2018 | MEDICARE TAX EXPENSE                          | 20-20-00-5575 MEF-20 | 1,182.52  |             |
| AJE-15 | 4/30/2018 | UTILITY OFFICE EXPENSE                        | 20-20-00-5581 MEF-20 |           | -271,956.00 |
| AJE-15 | 4/30/2018 | DEPRECIATION EXPENSE                          | 20-20-00-5590 MEF-20 | 733.00    |             |
| AJE-15 | 4/30/2018 | CASH  | 30-30-00-1010 MSSF-3 |           | -129,340.79 |
| AJE-15 | 4/30/2018 | ACCOUNTS PAYABLE                              | 30-30-00-2000 MSSF-3 |           | -332.08     |
| AJE-15 | 4/30/2018 | EMPLOYEE HEALTH INSURANCE REIM                | 30-30-00-4000 MSSF-3 |           | -4,939.07   |
| AJE-15 | 4/30/2018 | INTEREST INCOME                               | 30-30-00-4040 MSSF-3 | 1,148.90  |             |
| AJE-15 | 4/30/2018 | TRANSFER FROM CUST SERVICE                    | 30-30-00-4498 MSSF-3 | 15,000.00 |             |
| AJE-15 | 4/30/2018 | CREDIT CARD CONVENIENCE FEE                   | 30-30-00-4700 MSSF-3 |           | -6,065.66   |
| AJE-15 | 4/30/2018 | MISCELLANEOUS INCOME                          | 30-30-00-4800 MSSF-3 |           | -6,963.87   |
| AJE-15 | 4/30/2018 | ACCRUED WAGES                                 | 30-38-00-2040 MSSF-3 |           | -2,666.60   |
| AJE-15 | 4/30/2018 | ACCRUED VACATION                              | 30-38-00-2050 MSSF-3 |           | -5,608.90   |
| AJE-15 | 4/30/2018 | ACCRUED SICK                                  | 30-38-00-2055 MSSF-3 |           | -1,131.28   |
| AJE-15 | 4/30/2018 | SALARY/WAGES                                  | 30-38-00-5611 MSSF-3 | 90,480.90 |             |
| AJE-15 | 4/30/2018 | OVERTIME                                      | 30-38-00-5613 MSSF-3 | 20.06     |             |
| AJE-15 | 4/30/2018 | COMMODITIES TRANSFERRED FROM FUND 51          | 30-38-00-5623 MSSF-3 | 67,160.85 |             |
| AJE-15 | 4/30/2018 | CONTRACTUAL SERVICES TRANSFERRED FROM FUND 51 | 30-38-00-5624 MSSF-3 | 6,937.94  |             |
| AJE-15 | 4/30/2018 | SOCIAL SECURITY TAX EXPENSE                   | 30-38-00-5666 MSSF-3 | 5,415.58  |             |
| AJE-15 | 4/30/2018 | IMRF PENSION EXPENSE                          | 30-38-00-5669 MSSF-3 | 8,827.87  |             |
| AJE-15 | 4/30/2018 | INSURANCE EXPENSE-EMPLOYEE                    | 30-38-00-5672 MSSF-3 | 28,781.61 |             |
| AJE-15 | 4/30/2018 | MEDICARE TAX EXPENSE                          | 30-38-00-5675 MSSF-3 | 1,266.54  |             |
| AJE-15 | 4/30/2018 | UTILITY OFFICE EXPENSE                        | 30-38-00-5681 MSSF-3 |           | -67,992.00  |
| AJE-15 | 4/30/2018 | CASH  | 40-40-00-1010 MWF-40 | 5,502.68  |             |
| AJE-15 | 4/30/2018 | ACCOUNTS PAYABLE                              | 40-40-00-2000 MWF-40 |           | -86.49      |
| AJE-15 | 4/30/2018 | EMPLOYEE HEALTH INSURANCE REIM                | 40-40-00-4000 MWF-40 |           | -1,286.40   |
| AJE-15 | 4/30/2018 | INTEREST INCOME                               | 40-40-00-4040 MWF-40 | 299.24    |             |
| AJE-15 | 4/30/2018 | TRANSFER FROM CUSTOMER SERVICE                | 40-40-00-4498 MWF-40 | 15,000.00 |             |
| AJE-15 | 4/30/2018 | CREDIT CARD CONVENIENCE FEE                   | 40-40-00-4700 MWF-40 |           | -1,579.83   |
| AJE-15 | 4/30/2018 | MISCELLANEOUS INCOME                          | 40-40-00-4800 MWF-40 |           | -1,813.77   |
| AJE-15 | 4/30/2018 | ACCRUED WAGES                                 | 40-48-00-2040 MWF-40 |           | -694.53     |
| AJE-15 | 4/30/2018 | ACCRUED VACATION                              | 40-48-00-2050 MWF-40 |           | -1,460.86   |
| AJE-15 | 4/30/2018 | ACCRUED SICK                                  | 40-48-00-2055 MWF-40 |           | -294.65     |

| Number | Date      | Name  | Account No           | Debit      | Credit      |
|--------|-----------|---|----------------------|------------|-------------|
| AJE-15 | 4/30/2018 | SALARIES/WAGES                                | 40-48-00-5711 MWF-40 | 23,566.12  |             |
| AJE-15 | 4/30/2018 | OVERTIME                                      | 40-48-00-5713 MWF-40 | 5.23       |             |
| AJE-15 | 4/30/2018 | COMMODITIES TRANSFERRED FROM FUND 51          | 40-48-00-5721 MWF-40 | 17,492.32  |             |
| AJE-15 | 4/30/2018 | CONTRACTUAL SERVICES TRANSFERRED FROM FUND 51 | 40-48-00-5722 MWF-40 | 1,807.01   |             |
| AJE-15 | 4/30/2018 | SOCIAL SECURITY TAX EXPENSE                   | 40-48-00-5766 MWF-40 | 1,410.51   |             |
| AJE-15 | 4/30/2018 | IMRF PENSION EXPENSE                          | 40-48-00-5769 MWF-40 | 2,299.26   |             |
| AJE-15 | 4/30/2018 | INSURANCE EXPENSE-EMPLOYEE                    | 40-48-00-5772 MWF-40 | 7,496.29   |             |
| AJE-15 | 4/30/2018 | MEDICARE TAX EXPENSE                          | 40-48-00-5775 MWF-40 | 329.87     |             |
| AJE-15 | 4/30/2018 | UTILITY OFFICE EXPENSE                        | 40-48-00-5781 MWF-40 |            | -67,992.00  |
| AJE-15 | 4/30/2018 | CASH  | 50-50-00-1010 MGF-50 | 30,619.29  |             |
| AJE-15 | 4/30/2018 | ACCOUNTS PAYABLE                              | 50-50-00-2000 MGF-50 |            | -8.60       |
| AJE-15 | 4/30/2018 | ACCRUED WAGES                                 | 50-50-00-2040 MGF-50 |            | -68.98      |
| AJE-15 | 4/30/2018 | ACCRUED VACATION                              | 50-50-00-2050 MGF-50 |            | -145.10     |
| AJE-15 | 4/30/2018 | ACCRUED SICK                                  | 50-50-00-2055 MGF-50 |            | -29.26      |
| AJE-15 | 4/30/2018 | EMPLOYEE HEALTH INSURANCE REIM                | 50-50-00-4000 MGF-50 |            | -127.78     |
| AJE-15 | 4/30/2018 | INTEREST INCOME                               | 50-50-00-4040 MGF-50 | 29.72      |             |
| AJE-15 | 4/30/2018 | TRANSFER FROM CUSTOMER SERVICE                | 50-50-00-4498 MGF-50 | 10,000.00  |             |
| AJE-15 | 4/30/2018 | CREDIT CARD CONVENIENCE FEE                   | 50-50-00-4700 MGF-50 |            | -156.92     |
| AJE-15 | 4/30/2018 | MISCELLANEOUS INCOME                          | 50-50-00-4800 MGF-50 |            | -180.15     |
| AJE-15 | 4/30/2018 | OVERTIME                                      | 50-50-00-5102 MGF-50 | 0.52       |             |
| AJE-15 | 4/30/2018 | SALARY/WAGES                                  | 50-50-00-5111 MGF-50 | 2,340.78   |             |
| AJE-15 | 4/30/2018 | IMRF PENSION EXPENSE                          | 50-50-00-5169 MGF-50 | 228.38     |             |
| AJE-15 | 4/30/2018 | INSURANCE EXPENSE - EMPLOYEE                  | 50-50-00-5172 MGF-50 | 744.59     |             |
| AJE-15 | 4/30/2018 | MEDICARE TAX EXPENSE                          | 50-50-00-5175 MGF-50 | 32.77      |             |
| AJE-15 | 4/30/2018 | SOCIAL SECURITY TAX EXPENSE                   | 50-50-00-5566 MGF-50 | 140.11     |             |
| AJE-15 | 4/30/2018 | COMMODITIES TRANSFERRED FROM FUND 51          | 50-50-00-5823 MGF-50 | 1,737.48   |             |
| AJE-15 | 4/30/2018 | CONTRACTUAL SERVICES TRANSFERRED FROM FUND 51 | 50-50-00-5824 MGF-50 | 179.15     |             |
| AJE-15 | 4/30/2018 | UTILITY OFFICE EXPENSE                        | 50-50-00-5881 MGF-50 |            | -45,336.00  |
| AJE-15 | 4/30/2018 | CASH  | 51-51-00-1010 CSC-51 | 52,234.28  |             |
| AJE-15 | 4/30/2018 | ACCOUNTS PAYABLE                              | 51-51-00-2000 CSC-51 | 737.22     |             |
| AJE-15 | 4/30/2018 | ACCRUED WAGES                                 | 51-51-00-2040 CSC-51 | 5,919.83   |             |
| AJE-15 | 4/30/2018 | ACCRUED VACATION                              | 51-51-00-2050 CSC-51 | 12,451.71  |             |
| AJE-15 | 4/30/2018 | ACCRUED SICK                                  | 51-51-00-2055 CSC-51 | 2,511.43   |             |
| AJE-15 | 4/30/2018 | INTEREST INCOME                               | 51-51-00-4040 CSC-51 |            | -2,550.56   |
| AJE-15 | 4/30/2018 | EMPLOYEE HEALTH INSURANCE REIM                | 51-51-00-4100 CSC-51 | 10,964.70  |             |
| AJE-15 | 4/30/2018 | CREDIT CARD CONVENIENCE FEE                   | 51-51-00-4700 CSC-51 | 13,465.73  |             |
| AJE-15 | 4/30/2018 | MISCELLANEOUS                                 | 51-51-00-4800 CSC-51 | 15,459.74  |             |
| AJE-15 | 4/30/2018 | ELECTRIC FUND CONTRIBUTION                    | 51-51-00-4801 CSC-51 | 271,956.00 |             |
| AJE-15 | 4/30/2018 | WATER FUND CONTRIBUTION                       | 51-51-00-4802 CSC-51 | 67,992.00  |             |
| AJE-15 | 4/30/2018 | SEWER FUND CONTRIBUTION                       | 51-51-00-4803 CSC-51 | 67,992.00  |             |
| AJE-15 | 4/30/2018 | GARBAGE FUND CONTRIBUTION                     | 51-51-00-4804 CSC-51 | 45,336.00  |             |
| AJE-15 | 4/30/2018 | OVERTIME                                      | 51-51-00-5102 CSC-51 |            | -44.54      |
| AJE-15 | 4/30/2018 | SALARY/WAGES                                  | 51-51-00-5111 CSC-51 |            | -200,866.99 |
| AJE-15 | 4/30/2018 | RENT  | 51-51-00-5113 CSC-51 |            | -48,792.00  |
| AJE-15 | 4/30/2018 | PRINTED MATERIALS                             | 51-51-00-5114 CSC-51 |            | -5,446.20   |
| AJE-15 | 4/30/2018 | OFFICE SUPPLIES                               | 51-51-00-5115 CSC-51 |            | -2,761.90   |
| AJE-15 | 4/30/2018 | POSTAGE                                       | 51-51-00-5116 CSC-51 |            | -33,650.43  |

| Number | Date      | Name                         | Account No           | Debit  | Credit     |
|--------|-----------|------------------------------|----------------------|--------|------------|
| AJE-15 | 4/30/2018 | NEW EQUIPMENT                | 51-51-00-5117 CSC-51 |        | -6,224.00  |
| AJE-15 | 4/30/2018 | MAINTENANCE                  | 51-51-00-5119 CSC-51 |        | -4,910.35  |
| AJE-15 | 4/30/2018 | INFORMATION TECHNOLOGY       | 51-51-00-5123 CSC-51 |        | -22,099.00 |
| AJE-15 | 4/30/2018 | LEASE/RENTAL                 | 51-51-00-5133 CSC-51 |        | -11,970.42 |
| AJE-15 | 4/30/2018 | SCHOOLS/MEETINGS/SEMINARS    | 51-51-00-5137 CSC-51 |        | -971.27    |
| AJE-15 | 4/30/2018 | PHONE SERVICE                | 51-51-00-5152 CSC-51 |        | -2,024.64  |
| AJE-15 | 4/30/2018 | LEGAL EXPENSES               | 51-51-00-5155 CSC-51 |        | -2,640.49  |
| AJE-15 | 4/30/2018 | LEGAL EXPENSES               | 51-51-00-5155 CSC-51 | 180.00 |            |
| AJE-15 | 4/30/2018 | CREDIT CARD BANK FEES        | 51-51-00-5162 CSC-51 |        | -15,224.45 |
| AJE-15 | 4/30/2018 | PAYMENT SERVICE NETWORK FEES | 51-51-00-5163 CSC-51 |        | -4,402.67  |
| AJE-15 | 4/30/2018 | ONLINE INFO SERVICES EXPENSE | 51-51-00-5164 CSC-51 |        | -3,195.94  |
| AJE-15 | 4/30/2018 | SOCIAL SECURITY TAX EXPENSE  | 51-51-00-5166 CSC-51 |        | -12,022.56 |
| AJE-15 | 4/30/2018 | IMRF EXPENSE                 | 51-51-00-5169 CSC-51 |        | -19,597.82 |
| AJE-15 | 4/30/2018 | INSURANCE EXPENSE - EMPLOYEE | 51-51-00-5172 CSC-51 |        | -63,894.99 |
| AJE-15 | 4/30/2018 | MEDICARE TAX EXPENSE         | 51-51-00-5175 CSC-51 |        | -2,811.70  |
| AJE-15 | 4/30/2018 | MISCELLANEOUS                | 51-51-00-5188 CSC-51 |        | -365.05    |
| AJE-15 | 4/30/2018 | DEPRECIATION EXPENSE         | 51-51-00-5190 CSC-51 |        | -732.67    |
| AJE-15 | 4/30/2018 | TRANSFER TO GARBAGE          | 51-51-00-5496 CSC-51 |        | -10,000.00 |
| AJE-15 | 4/30/2018 | TRANSFER TO ELECTRIC         | 51-51-00-5497 CSC-51 |        | -60,000.00 |
| AJE-15 | 4/30/2018 | TRANSFER TO SEWER            | 51-51-00-5498 CSC-51 |        | -15,000.00 |
| AJE-15 | 4/30/2018 | TRANSFER TO WATER            | 51-51-00-5499 CSC-51 |        | -15,000.00 |

To allocate fund 51 into various funds.

|        |           |                            |                       |          |           |
|--------|-----------|----------------------------|-----------------------|----------|-----------|
| AJE-16 | 4/30/2018 | DUE FROM OTHER GOVERNMENTS | 12-12-00-1390 BCDF-12 | 4,747.50 |           |
| AJE-16 | 4/30/2018 | GRANT FUNDS                | 12-12-00-4585 BCDF-12 |          | -4,747.50 |

To record additional A/R for IHDA grant.

|        |           |                        |                     |           |            |
|--------|-----------|------------------------|---------------------|-----------|------------|
| AJE-17 | 4/30/2018 | INTEREST PAYABLE/BONDS | 19-19-00-2065 DR-19 |           | -96,701.39 |
| AJE-17 | 4/30/2018 | INTEREST EXPENSE       | 19-19-00-5338 DR-19 | 96,701.39 |            |

To record interest expense.

|        |           |                          |                          |            |             |
|--------|-----------|--------------------------|--------------------------|------------|-------------|
| AJE-18 | 4/30/2018 | BUILDOUT ENGINEERING     | 23-23-00-5504 FOBF-T-23  | 139,822.29 |             |
| AJE-18 | 4/30/2018 | TRANSFERS TO OTHER FUNDS | 23-23-00-6700 FOBF-T-23  |            | -139,822.29 |
| AJE-18 | 4/30/2018 | FUND BALANCE PRIOR       | 24-24-00-3800 FOBF-TE-24 |            | -139,822.29 |
| AJE-18 | 4/30/2018 | TRANSFERS TO OTHER FUNDS | 24-24-00-6800 FOBF-TE-24 | 139,822.29 |             |

To record transfer of funds into Fund 23. Prior year AP was reported in the incorrect sub-fund.

|        |           |                                |                    |            |             |
|--------|-----------|--------------------------------|--------------------|------------|-------------|
| AJE-19 | 4/30/2018 | LAND IMPROVEMENTS              | 95-95-00-1505 G-95 |            | -337,641.90 |
| AJE-19 | 4/30/2018 | INFRASTRUCTURE                 | 95-95-00-1510 G-95 | 13,701.84  |             |
| AJE-19 | 4/30/2018 | EQUIPMENT                      | 95-95-00-1520 G-95 | 20,150.00  |             |
| AJE-19 | 4/30/2018 | RESERVE FOR DEP LAND IMPROVE   | 95-95-00-1535 G-95 | 6,326.47   |             |
| AJE-19 | 4/30/2018 | DEPREC EXP - HIGHWAY & STREETS | 95-95-00-5406 G-95 |            | -6,326.47   |
| AJE-19 | 4/30/2018 | GFAAG - HIGHWAY & STREET EXP   | 95-95-00-5802 G-95 | 337,641.90 |             |

| Number  | Date      | Name                           | Account No              | Debit        | Credit        |
|---|-----------|--------------------------------|-------------------------|--------------|---------------|
| AJE-19  | 4/30/2018 | GFAAG - HIGHWAY & STREET EXP   | 95-95-00-5802 G-95      |              | -20,150.00    |
| AJE-19  | 4/30/2018 | GFAAG - HIGHWAY & STREET EXP   | 95-95-00-5802 G-95      |              | -13,701.84    |
| To record adjustments to capital assets.                                |           |                                |                         |              |               |
| AJE-20  | 4/30/2018 | ANT FUTURE REV TO RETIRE-CONTR | 10-01-00-1650 GF-10     | 3.79         |               |
| AJE-20  | 4/30/2018 | MISCELLANEOUS INCOME           | 10-01-00-4800 GF-10     |              | -3.79         |
| To write off immaterial deferred amount.                                |           |                                |                         |              |               |
| AJE-21  | 4/30/2018 | DUE FROM OTHER GOVERNMENTS     | 40-40-00-1390 MWF-40    |              | -13,358.18    |
| AJE-21  | 4/30/2018 | INTEREST EXPENSE               | 40-48-00-5738 MWF-40    | 13,358.18    |               |
| To eliminate prior year IEPA receivable.                                |           |                                |                         |              |               |
| AJE-22  | 4/30/2018 | RESERVE FOR BAD DEBT SPECIAL   | 20-20-00-1156 MEF-20    | 20,000.00    |               |
| AJE-22  | 4/30/2018 | BAD DEBT EXPENSE               | 20-20-00-5563 MEF-20    |              | -20,000.00    |
| To write off Special A/R reserve.                                       |           |                                |                         |              |               |
| AJE-23  | 4/30/2018 | ACCUMULATED DEPRECIATION-FIBER | 21-21-00-1550 BF-21     |              | -68,683.92    |
| AJE-23  | 4/30/2018 | DEPRECIATION FIBER             | 21-21-00-5690 BF-21     | 68,683.92    |               |
| To record depreciation expense and accumulated depreciation for assets. |           |                                |                         |              |               |
| AJE-24  | 4/30/2018 | LEASE OBLIGATION PAYABLE       | 90-90-00-2001 GLTDAG-90 | 152,769.00   |               |
| AJE-24  | 4/30/2018 | ACCRUED INTEREST PAYABLE       | 90-90-00-2200 GLTDAG-90 | 30,090.82    |               |
| AJE-24  | 4/30/2018 | BONDS PAYABLE                  | 90-90-00-2410 GLTDAG-90 | 24,000.00    |               |
| AJE-24  | 4/30/2018 | BONDS PAYABLE-MFT              | 90-90-00-2411 GLTDAG-90 | 110,000.00   |               |
| AJE-24  | 4/30/2018 | FUND BALANCE PRIOR             | 90-90-00-3800 GLTDAG-90 | 6,634,053.79 |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAYMENT - MFT BOND   | 90-90-00-5100 GLTDAG-90 | 105,000.00   |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAYMENT - MFT BOND   | 90-90-00-5100 GLTDAG-90 |              | -110,000.00   |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY - 2012 DEBT CERT | 90-90-00-5110 GLTDAG-90 | 23,000.00    |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY - 2012 DEBT CERT | 90-90-00-5110 GLTDAG-90 |              | -24,000.00    |
| AJE-24  | 4/30/2018 | PRINCPL PAY - ELGIN ST SWEEPER | 90-90-00-5200 GLTDAG-90 | 25,419.00    |               |
| AJE-24  | 4/30/2018 | PRINCPL PAY - ELGIN ST SWEEPER | 90-90-00-5200 GLTDAG-90 |              | -26,179.00    |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY - POLICE VEHICLE | 90-90-00-5210 GLTDAG-90 | 39,122.00    |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY-SQUAD CARS       | 90-90-00-5220 GLTDAG-90 | 34,385.00    |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY-SQUAD CARS       | 90-90-00-5220 GLTDAG-90 |              | -34,078.00    |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY-DUMP TRUCK       | 90-90-00-5230 GLTDAG-90 | 51,102.00    |               |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY-DUMP TRUCK       | 90-90-00-5230 GLTDAG-90 |              | -92,512.00    |
| AJE-24  | 4/30/2018 | PRINCIPAL PAY - IEPA LOAN      | 90-90-00-5300 GLTDAG-90 | 72,932.03    |               |
| AJE-24  | 4/30/2018 | Interest expense               | 90-90-00-5400 GLTDAG-90 |              | -30,090.82    |
| AJE-24  | 4/30/2018 | PROCEEDS-GO BONDS              | 90-90-00-6200 GLTDAG-90 |              | -6,675,000.00 |
| AJE-24  | 4/30/2018 | PROCEEDS-CAPITAL LEASE         | 90-90-00-6300 GLTDAG-90 |              | -310,013.82   |
| To record changes in GLTDAG.  |           |                                |                         |              |               |

| Number | Date      | Name                          | Account No               | Debit      | Credit      |
|--------|-----------|-------------------------------|--------------------------|------------|-------------|
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 10-01-00-2000 GF-10      |            | -13,701.84  |
| AJE-25 | 4/30/2018 | ENGINEERING/SALES TAX PROJECT | 10-10-00-5159 GF-10      | 13,701.84  |             |
| AJE-25 | 4/30/2018 | NETWORK BUILDOUT(PHASE 1)M/L  | 24-24-00-1530 FOBF-TE-24 | 247,922.50 |             |
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 24-24-00-2000 FOBF-TE-24 |            | -247,922.50 |
| AJE-25 | 4/30/2018 | PLANT & PROPERTY-ENGINEERING  | 30-30-00-1571 MSSF-3     | 14,733.80  |             |
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 30-30-00-2000 MSSF-3     |            | -14,733.80  |
| AJE-25 | 4/30/2018 | JOBS IN PROCESS               | 40-40-00-1570 MWF-40     | 12,197.31  |             |
| AJE-25 | 4/30/2018 | JOBS IN PROCESS               | 40-40-00-1570 MWF-40     | 8,758.68   |             |
| AJE-25 | 4/30/2018 | JOBS IN PROCESS               | 40-40-00-1570 MWF-40     | 2,900.00   |             |
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 40-40-00-2000 MWF-40     |            | -12,197.31  |
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 40-40-00-2000 MWF-40     |            | -8,758.68   |
| AJE-25 | 4/30/2018 | ACCOUNTS PAYABLE              | 40-40-00-2000 MWF-40     |            | -2,900.00   |

To accrue for additional accounts payable.

|        |           |                      |                      |            |             |
|--------|-----------|----------------------|----------------------|------------|-------------|
| AJE-26 | 4/30/2018 | PREPAID EXPENSES     | 20-20-00-1470 MEF-20 |            | -117,505.50 |
| AJE-26 | 4/30/2018 | MAINTENANCE GEN-SETS | 20-20-00-5506 MEF-20 | 117,505.50 |             |

To reverse prior year prepaid expense.

|        |           |                           |                      |           |            |
|--------|-----------|---------------------------|----------------------|-----------|------------|
| AJE-27 | 4/30/2018 | Customer Utility Deposits | 20-20-00-2100 MEF-20 |           | -40,734.94 |
| AJE-27 | 4/30/2018 | OTHER FINANCING SOURCES   | 20-20-00-4915 MEF-20 | 40,734.94 |            |
| AJE-27 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS | 30-30-00-2100 MSSF-3 |           | -28,176.84 |
| AJE-27 | 4/30/2018 | OTHER FINANCING SOURCES   | 30-30-00-4915 MSSF-3 | 28,176.84 |            |
| AJE-27 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS | 40-40-00-2100 MWF-40 |           | -13,644.84 |
| AJE-27 | 4/30/2018 | OTHER FINANCING SOURCES   | 40-40-00-4915 MWF-40 | 13,644.84 |            |
| AJE-27 | 4/30/2018 | CUSTOMER UTILITY DEPOSITS | 50-50-00-2100 MGF-50 |           | -4,420.84  |
| AJE-27 | 4/30/2018 | OTHER FINANCING SOURCES   | 50-50-00-4915 MGF-50 | 4,420.84  |            |

To eliminate 'other financing sources' that are a reduction in deposits outstanding.

|        |           |                          |                          |              |               |
|--------|-----------|--------------------------|--------------------------|--------------|---------------|
| AJE-28 | 4/30/2018 | INTEREST PAYABLE/BONDS   | 23-23-00-2065 FOBF-T-23  |              |               |
| AJE-28 | 4/30/2018 | INTEREST PAYABLE/BONDS   | 23-23-00-2065 FOBF-T-23  |              | -86,932.80    |
| AJE-28 | 4/30/2018 | BONDS PAYABLE            | 23-23-00-2410 FOBF-T-23  |              | -2,645,000.00 |
| AJE-28 | 4/30/2018 | Interest Expense         | 23-23-00-5338 FOBF-T-23  | 86,932.80    |               |
| AJE-28 | 4/30/2018 | Transfers In             | 23-23-00-6800 FOBF-T-23  | 2,645,000.00 |               |
| AJE-28 | 4/30/2018 | INTEREST PAYABLE/BONDS   | 24-24-00-2065 FOBF-TE-24 |              |               |
| AJE-28 | 4/30/2018 | INTEREST PAYABLE/BONDS   | 24-24-00-2065 FOBF-TE-24 |              | -78,260.00    |
| AJE-28 | 4/30/2018 | Bonds Payable            | 24-24-00-2410 FOBF-TE-24 |              | -2,105,000.00 |
| AJE-28 | 4/30/2018 | BOND PREMIUM             | 24-24-00-2800 FOBF-TE-24 |              | -14,953.76    |
| AJE-28 | 4/30/2018 | Interest Expense         | 24-24-00-5338 FOBF-TE-24 | 78,260.00    |               |
| AJE-28 | 4/30/2018 | Transfer In              | 24-24-00-6700 FOBF-TE-24 | 2,105,000.00 |               |
| AJE-28 | 4/30/2018 | Transfer In              | 24-24-00-6700 FOBF-TE-24 | 15,701.45    |               |
| AJE-28 | 4/30/2018 | BOND PREMIUM             | 24-24-00-7000 FOBF-TE-24 |              | -747.69       |
| AJE-28 | 4/30/2018 | ACCRUED INTEREST PAYABLE | 90-90-00-2200 GLTDAG-90  |              |               |
| AJE-28 | 4/30/2018 | ACCRUED INTEREST PAYABLE | 90-90-00-2200 GLTDAG-90  |              |               |
| AJE-28 | 4/30/2018 | BONDS PAYABLE            | 90-90-00-2410 GLTDAG-90  | 4,750,000.00 |               |
| AJE-28 | 4/30/2018 | BOND PREMIUM             | 90-90-00-2800 GLTDAG-90  | 14,953.76    |               |



| Number | Date      | Name  | Account No              | Debit     | Credit        |
|--------|-----------|---|-------------------------|-----------|---------------|
| AJE-28 | 4/30/2018 | Transfer Out  | 90-90-00-6700 GLTDAG-90 |           | -4,750,000.00 |
| AJE-28 | 4/30/2018 | Transfer Out  | 90-90-00-6700 GLTDAG-90 |           | -15,701.45    |
| AJE-28 | 4/30/2018 | BOND PREMIUM  | 90-90-00-7000 GLTDAG-90 | 747.69    |               |
|        |           | To transfer debt from GLTAG into<br>Broadband Funds   |                         |           |               |
| AJE-29 | 4/30/2018 | MISCELLANEOUS INCOME  | 10-12-00-4800 GF-10     | 48,802.96 |               |
| AJE-29 | 4/30/2018 | MISCELLANEOUS INCOME  | 10-12-00-4800 GF-10     | 18,504.99 |               |
| AJE-29 | 4/30/2018 | 2017 LIGHTNING STRIKE-INS   | 10-12-00-5491 GF-10     |           | -48,802.96    |
| AJE-29 | 4/30/2018 | 2017 LIGHTNING STRIKE-INS   | 10-12-00-5491 GF-10     |           | -18,504.99    |
|        |           | To net insurance proceeds with<br>expense related to lightning strike.  |                         |           |               |
| AJE-30 | 4/30/2018 | CASH  | 10-10-00-1010 GF-10     | 1,014.59  |               |
| AJE-30 | 4/30/2018 | CASH  | 10-10-00-1010 GF-10     | 1,015.25  |               |
| AJE-30 | 4/30/2018 | PREPAY WIRELESS TOWER LOCATION  | 10-12-01-4800 GF-10     |           | -1,014.59     |
| AJE-30 | 4/30/2018 | PREPAY WIRELESS TOWER LOCATION  | 10-12-01-4800 GF-10     |           | -1,015.25     |
| AJE-30 | 4/30/2018 | CASH  | 40-40-00-1010 MWF-40    |           | -1,014.59     |
| AJE-30 | 4/30/2018 | CASH  | 40-40-00-1010 MWF-40    |           | -1,015.25     |
| AJE-30 | 4/30/2018 | WATER TOWER RENTAL  | 40-40-00-4205 MWF-40    | 1,014.59  |               |
| AJE-30 | 4/30/2018 | WATER TOWER RENTAL  | 40-40-00-4205 MWF-40    | 1,015.25  |               |
|        |           | To reclassify revenue into proper<br>account/fund.  |                         |           |               |
| AJE-31 | 4/30/2018 | Transfer from Other Funds   | 10-01-00-4499 GF-10     |           | -28,598.91    |
| AJE-31 | 4/30/2018 | RB&W REDEVELOPMENT  | 10-12-00-5428 GF-10     | 28,598.91 |               |
| AJE-31 | 4/30/2018 | TRANSFER TO OTHER FUNDS   | 19-19-00-4498 DR-19     | 28,598.91 |               |
| AJE-31 | 4/30/2018 | ARCHITECT/ENGINEERING EXPENSE   | 19-19-00-5056 DR-19     |           | -28,598.91    |
|        |           | To match reversal of prior year accounts payable<br>with corrected account where expenditure was<br>recorded. |                         |           |               |
| AJE-32 | 4/30/2018 | ACCOUNTS PAYABLE  | 10-01-00-2000 GF-10     |           | -27,253.41    |
| AJE-32 | 4/30/2018 | MISC EXP/CONSOLIDATE DISPATCH   | 10-06-00-5257 GF-10     | 27,253.41 |               |
|        |           | To record AP for consolidated<br>dispatch bill. Calculated as 1/3 of quarterly bill.                          |                         |           |               |

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

April 30, 2018

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The Honorable Mayor  
Members of the City Council  
City of Rock Falls, 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.

We have communicated the material weakness identified during our audit to the City Council in our separate correspondence titled "Management Letter."

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 reviewed the status of the deficiencies dated April 30, 2017. The status of these is included in Appendix A.

The City's written responses to the deficiencies in our audit have 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*

Rockford, Illinois  
October 11, 2018

## **DEFICIENCIES**

We consider the following to be deficiencies in internal control:

### **1. Credit Card Policy Compliance**

During our review of credit card transactions, we noted several transactions did not comply with the City's established credit card policies. The following matters were noted:

- Several card charges were not supported by a detailed receipt
- Several purchases included sales tax

We recommend the City require strict compliance with established credit card policies, and adequate support is maintained to support the City purpose of credit card purchases.

#### **Management's Response**

During FY 17, a meeting was held with all cardholders reviewing the policy. All card holders have been directed to have detailed receipts. Since that meeting, the cardholders have remained compliant with the policy. The City's current Credit Card Policy does not prohibit paying sales tax, it simply requires "Credit cardholders holders should make every effort to insure the purchases do not include sales tax." Since a very high percentage of the credit card use is for one time online purchases or travel and/or meals, it is acceptable to the City that those credit card transactions would include sales tax. However, the City is currently reviewing the language of the current Credit Card Policy to provide for more reasonable language regarding sales tax and unavoidable situations such as sales tax on meals.

### **2. Interfund Transactions**

During our audit, we noted interfund transactions (GIS IT) which are not completely allocated to individual funds.

We recommend the City completely allocate all such interfund transactions to ensure quasi-interfund transactions are accounted in the individual fund receiving the service or commodity.

#### **Management's Response**

The City will review the allocation of the interfund transfers between accounts to determine any necessary changes that need to be made in the accounting process.

### **3. Expenditure and Bidding Procedures**

We reviewed a sample of purchases made by the City during the fiscal year for compliance with the City's established purchasing and bidding policies and procedures. We noted the following matters:

- The City does not utilize the "Quotation Form" to document verbal and written quotations
- The City does not utilize purchase orders

## **DEFICIENCIES (Continued)**

### **3. Expenditure and Bidding Procedures (Continued)**

We recommend the City abide by the adopted purchasing policy or modify the existing policy to reflect the current policies and procedures.

#### **Management's Response**

The City does currently and historically has used the "Quotation Form" provided in the Purchasing Policy. However, will be reviewed with the Department Heads as a reminder that all quoted goods and services need to use the form.

Some of the City's department do utilize purchase orders on a regular basis. Currently, purchase orders are not required to be used nor will they be required to be used in the future.

### **4. Fiber Capital Assets**

During our review of capital asset transactions, we noted several new fiber capital assets which were capitalized during the current year. However, we noted the City's capitalization policy does not specifically address the capitalization thresholds and procedures for this unique type of asset.

We recommend the City update their capitalization policy to specifically address the capitalization policies and limits for fiber capital assets.

#### **Management's Response**

Management will further review and determine whether a change is required in the capitalization policy in regard to the fiber capital assets as well as all other municipal capital assets.

### **5. Collateral Agreement**

During our review of collateral pledged to the City, we noted the City does not have a formal collateral agreement in place with the financial institution and custodian in which the collateral is pledged.

We recommend the City require formal written collateral agreements to be in place for all financial institutions in which deposits exceed FDIC insurance levels.

#### **Management's Response**

Management recognized that although the funds were collateralized, that no collateral agreement was in place with two of our financial institutions. Management has since requested a collateral agreement from the financial institutions where no agreements existed. Management would also like to note that there is, and has been, a collateral agreement in place with our principal financial institution who holds the majority of the municipal funds.

## OTHER COMMENTS

### 1. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued a number of pronouncements that may impact the District in the future.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for fiscal years beginning after April 30, 2019.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal years ending April 30, 2018 and April 30, 2019. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations [ARO's]*, enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The Statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this statement are effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for the fiscal year ending April 30, 2020.

## **OTHER COMMENTS (Continued)**

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

GASB Statement No. 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost, and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No 85 is effective for the fiscal year ending April 30, 2019.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 is effective for the fiscal year ending April 30, 2019.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the fiscal year ending April 30, 2021.

GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in March 2018 and provides guidance on improving disclosures in the notes to the financial statements related to debt, including direct borrowings and direct placements of debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for the fiscal year ending April 30, 2020.

**APPENDIX A  
STATUS OF PRIOR YEAR COMMENTS  
FROM APRIL 30, 2017**

**DEFICIENCIES**

We consider the following to be deficiencies in internal control:

**1. Water Loss Statistics**

During our review of water gallons pumped to water gallons billed, we noted a large percentage (28.2%) of all gallons pumped are not billed. The expectation for the percentage of loss would be at the 15% range or less based upon industry standards.

We recommend the City implement a process to compare the gallons billed to the gallons pumped on a monthly basis. This report, along with the support for any variances, should be reviewed by an employee independent of the water billing cycle. This monthly comparison should be reviewed by the Superintendent of Water on a monthly basis as well as by the City Council on a periodic basis to determine the cause of the loss.

**Status:** This comment has been implemented as of April 30, 2018.

**2. Cash Balance not on the General Ledger**

During testing of cash, we noted the Sauk Valley Bank account titled RF Fire Department Auxiliary is held under the City's FEIN number but was not listed on the City's general ledger.

We recommend the City review all accounts held using the City's FEIN number and determine if City oversight of these accounts is warranted and if these accounts should be included in the City's general ledger.

**Status:** This comment has been implemented as of April 30, 2018.

**3. Credit Card Policy Compliance**

During our review of credit card transactions, we noted several transactions did not comply with the City's established credit card policies. The following matters were noted:

- Several card charges were not supported by a detailed receipt
- Several purchases included sales tax

We recommend the City require strict compliance with established credit card policies, and adequate support is maintained to support the City purpose of credit card purchases.

**Status:** This comment is still applicable as of April 30, 2018 and will be reported as a current year deficiency.



## DEFICIENCIES (Continued)

### 4. Interfund Transactions

During our audit, we noted several interfund transactions (health insurance, GIS IT, etc.) which are not completely allocated to individual funds.

We recommend the City completely allocate all such interfund transactions to ensure quasi-interfund transactions are accounted in the individual fund receiving the service or commodity.

**Status:** This comment has been partially implemented as of April 30, 2018 and will be reported as a current year deficiency.

### 5. Expenditure and Bidding Procedures

We reviewed a sample of purchases made by the City during the fiscal year for compliance with the City's established purchasing and bidding policies and procedures. We noted the following matters:

- The City does not utilize the "Quotation Form" to document verbal and written quotations
- The City does not utilize purchase orders

We recommend the City abide by the adopted purchasing policy or modify the existing policy to reflect the current policies and procedures.

**Status:** This comment is still applicable as of April 30, 2018 and will be reported as a current year deficiency.

### 6. Capital Assets

During our review of capital asset transactions, we noted several transactions did not comply with the City's established capitalization policies. The following matters were noted:

- Several repairs, maintenance, and operational costs were capitalized
- Several items less than the capitalization threshold of \$2,500 were capitalized
- Several items that appeared on the capital asset listing appear to be no longer in use
- The trade in value of several assets was netted against the value of the new asset purchased

We recommend the City require strict compliance with established capitalization policies.

We recommend the City review their capital asset listing and remove any items that are no longer used by or in the possession of the City. Additionally, we recommend the City record the full expense of each asset, and record the value of an asset that is traded in as revenue.

**Status:** This comment has been implemented as of April 30, 2018.

## **DEFICIENCIES (Continued)**

### **7. Bond Compliance**

During our review of the Municipal Securities Rulemaking Board - Electronic Municipal Market Access website, we noted that the City did not complete the filing of its continuing disclosures in accordance with the timeframes established in the official statements. The audited financial statements are required to be submitted within six months after the end of the fiscal year and were not submitted within this timeframe.

Additionally, we noted the City did not have adequate reserves set aside to comply with the requirements for the outstanding 2010 GO Bonds.

We recommend the City implement policies and procedures to ensure compliance with all bond requirements.

**Status:** This comment has been implemented as of April 30, 2018.

# FIRM PROFILE



## ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has 750+ professionals throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 1% of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach 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:

|                            |            |                              |
|----------------------------|------------|------------------------------|
| AGRICULTURE                | ENERGY     | MANUFACTURING & DISTRIBUTION |
| CONSTRUCTION & REAL ESTATE | GOVERNMENT | NOT-FOR-PROFIT               |

## STATISTICS

2017 Revenues ..... \$151.9M  
 Total Partners ..... ~100  
 Total Personnel ..... 750+  
*Personnel count as of January 1, 2018*

## SERVICES

### ACCOUNTING, TAX & ASSURANCE

### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance

### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

\*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor. Securities offered through Triad Advisors, member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.

## 2018 AWARDS

- Oracle® NetSuite 5 Star Award
- *Accounting Today* Top 100 Firms - ranked #28 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- Microsoft Dynamics Inner Circle
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs) - ranked #8

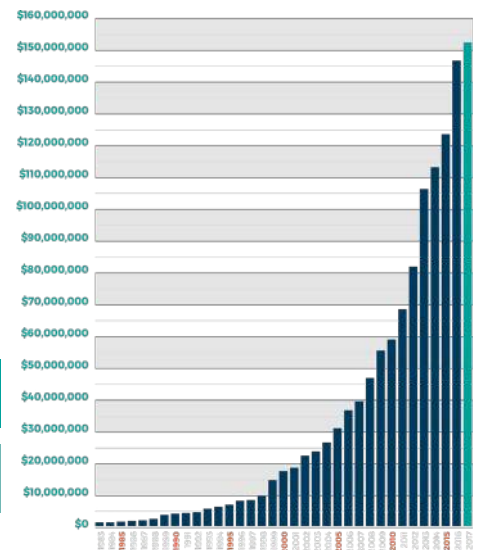
## 2017 AWARDS

- Bob Scott's Top 100 (VARs) - ranked #7
- *Accounting Today* Top 100 VARs - ranked #6
- Vault Accounting Top Ranked
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest Companies to Work For®
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Chicago Tribune's* Top Workplaces
- *Crain's List* Chicago's Largest Privately Held Companies - ranked #234
- Boston's 101 Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- National Best and Brightest Companies to Work For

## 2016 AWARDS

- *Accounting Today* Top Regional Leaders and Firms: Great Lakes - ranked #4
- *Milwaukee Business Journal* Largest Management Consulting Firms - ranked #10
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms - ranked #8
- *Inc. 5000* - ranked #4613
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms - ranked #31 nationally
- Milwaukee's 101 Best and Brightest Companies to Work For®
- WICPA Excellence Award - Public Service Award
- *Accounting Today* Top 100 VARs - ranked #7
- Bob Scott's Top 100 VARs - ranked #7
- Boston's 101 Best and Brightest Companies to Work For®
- US Small and Mid-Sized Business (SMB) Champions Club Heartland Partner of the Year, Microsoft's US SMB Champions Club
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee

## SIKICH TOTAL REVENUES



## CERTIFICATIONS

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 2017 Sikich LLP received its 10th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## MICROSOFT PARTNER

Sikich has earned a Microsoft ERP Gold competency; ranked among the top one percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

Gold

### Microsoft Partner



- **Microsoft Small Business Specialist**
- **MCP** (Microsoft Certified Professional)
- **MCSE** (Microsoft Certified System Engineer)
- **CCNA** (Cisco Certified Network Associate)
- **CCDA** (Certified Cisco Design Associate)
- **CCEA** (Citrix Certified Enterprise Administrator)
- **MRMS** (Microsoft Retail Management Systems)
- **CISA** (Certified Information Systems Auditor)
- **CNE** (Certified Novell Engineer)
- **MS CSM** (Microsoft Customer Service Manager)
- **MS CAE** (Microsoft Certified Account Executive)
- **MCDBA** (Microsoft Certified Database Admin)
- **Certified for Microsoft Dynamics (NAV)**

## SIKICH IS PROUD TO BE PART OF:

### THE LEADING EDGE ALLIANCE

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

*\*International Accounting Bulletin, 2011*



### PRIMEGLOBAL

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.



### LOCATIONS

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**Ft. Wayne, IN**  
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**Phoenix, AZ**  
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**Atlanta, GA**  
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**Dallas, TX**  
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**Houston, TX**  
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**Milwaukee, WI**  
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