



CITY OF NAPERVILLE, ILLINOIS

AUDITOR'S COMMUNICATION
TO THE CITY COUNCIL

For the Year Ended December 31, 2017



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CITY OF NAPERVILLE, ILLINOIS
AUDITOR'S COMMUNICATION TO CITY COUNCIL
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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June 21, 2018

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

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 January 3, 2018.

In addition, auditing standards requires the communication of internal control related matters to those charged with governance. Our communication of deficiencies in internal control and other comments to management, as well as a listing of future pronouncements that may affect the City, are enclosed within this document.

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

Sincerely,

Sikich LLP

Sikich LLP
By: Brian D. LeFevre, CPA, MBA
Partner

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Naperville, IL 60563
630.566.8400

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June 21, 2018

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information (except for the Firefighters' Pension Fund, which was audited by other auditors), which collectively comprise the basic financial statements of the City of Naperville as of and for the year ended December 31, 2017 and have issued our report thereon dated June 21, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and Uniform Guidance, 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 October 5, 2017. 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 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017. 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. We noted no particularly sensitive estimates made by management during our audit of the financial statements with the exception of the estimates in connection with the actuarial valuations performed for the Pension Plans.

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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, a list of misstatements detected as a result of audit procedures and corrected by management is attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic 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 June 21, 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'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 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 financial statements and schedules, which accompany the basic financial statements but are not RSI. With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the 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 and statistical sections, 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 of Use

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

Sincerely,

Sikich LLP

Sikich LLP

By: Brian D. LeFevre, CPA, MBA
Partner

City of Naperville

Year End: December 31, 2017

Adjusting Journal Entries

Date: 1/1/2017 To 12/31/2017

Number	Date	Name	Account No	Debit	Credit
Entry AJE#01 not used					
AJE#02	12/31/2017	ACCOUNTS PAYABLE	301-0000.201 00 00 CP-301		-120,297.58
AJE#02	12/31/2017	PROPERTY / CAPITAL IMPROVE PROGRAM	301-4710.431 70 89 CP-301	120,297.58	
AJE#02	12/31/2017	ACCOUNTS PAYABLE	615-0000.201 00 00 MF-615		-194,099.90
AJE#02	12/31/2017	PROPERTY / CAPITAL IMPROVE PROGRAM	615-4710.431 70 89 MF-615	194,099.90	
To adjust MFT and Capital Projects Fund Accounts Payable at 12/31/2017					
AJE#03	12/31/2017	DUE FROM OTHER GOVERNMENT	108-0000.125 00 00 CG-108		-46,465.15
AJE#03	12/31/2017	DUE FROM OTHER GOVERNMENT	108-0000.125 00 00 CG-108	71,692.28	
AJE#03	12/31/2017	ACCOUNTS PAYABLE	108-0000.201 00 00 CG-108		-61,032.51
AJE#03	12/31/2017	FEDERAL GRANTS / C.D. BLOCK GRANT	108-0000.331 40 00 CG-108	46,465.15	
AJE#03	12/31/2017	FEDERAL GRANTS / C.D. BLOCK GRANT	108-0000.331 40 00 CG-108		-71,692.28
AJE#03	12/31/2017	CONTRB TO OTHER AGENCIES	108-3017.444 90 38 CG-108	49,684.00	
AJE#03	12/31/2017	CONTRB TO OTHER AGENCIES	108-3017.444 90 38 CG-108	4,191.28	
AJE#03	12/31/2017	CONTRB TO OTHER AGENCIES	108-3017.444 90 38 CG-108	7,157.23	
To adjust CDBG revenue/receivable/deferred revenue to proper balance at 12/31/2017					
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10		-19,800.73
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10		-189.10
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10	3,286.92	
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10	27,085.28	
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10	13,405.65	
AJE#04	12/31/2017	DUE FROM OTHER GOVERNMENT	10-0000.125 00 00 GF-10	27,371.19	
AJE#04	12/31/2017	FEDERAL GRANTS	10-0000.125 10 00 GF-10		-3,286.92
AJE#04	12/31/2017	DRUG ENFORCEMENT GRANT	10-0000.235 17 00 GF-10	11,458.02	
AJE#04	12/31/2017	FEDERAL GRANTS / IEMA PROJ NFDEMA	10-0000.333 50 00 GF-10	19,800.73	
AJE#04	12/31/2017	FEDERAL GRANTS / IEMA PROJ NFDEMA	10-0000.333 50 00 GF-10		-27,371.19
AJE#04	12/31/2017	OTHER GRANTS / ILEAS	10-0000.333 51 02 GF-10	189.10	
AJE#04	12/31/2017	OTHER GRANTS / CLICK IT OR TICKET	10-0000.333 51 03 GF-10		-13,405.65
AJE#04	12/31/2017	MABAS/ITTF DEPLOY DRILL G	10-0000.334 42 00 GF-10		-11,458.02
AJE#04	12/31/2017	MABAS/ITTF DEPLOY DRILL G	10-0000.334 42 00 GF-10		-27,085.28
Adjust General Fund Grant Revenues/Receivables to proper balance at 12/31/2017 - Reverse IEMA Prior year Receivable, Correct typo in group 07218 reversal entry for ILEAS, reclass 125 10 to 125 00, reverse MABAS unearned revenue and record receivable, Record IDOT STEP Grant A/R,					

Number	Date	Name	Account No	Debit	Credit
AJE#05	12/31/2017	DUE FROM OTHER GOVERNMENT	301-0000.125 00 00 CP-301		-36,318.30
AJE#05	12/31/2017	DUE FROM OTHER GOVERNMENT	301-0000.125 00 00 CP-301	58,592.62	
AJE#05	12/31/2017	FEDERAL GRANT	301-0000.367 17 01 CP-301	36,318.30	
AJE#05	12/31/2017	FEDERAL GRANT	301-0000.367 17 01 CP-301		-58,592.62
Adjust Fund 301 Grant Revenue & Receivables					
AJE#06	12/31/2017	TED-RIDE DUPAGE GRANT	10-0000.333 71 00 GF-10		-12,392.60
AJE#06	12/31/2017	IDOT-TED-TRAF SIGNAL ENRGY	10-0000.334 71 00 GF-10	12,392.60	
Reclass TED traffic signal grant					
AJE#07	12/31/2017	OPERATING CASH-UNRESTRICT	134-0000.101 00 00 CF-134	44,478.29	
AJE#07	12/31/2017	ACCOUNTS PAYABLE	134-0000.201 00 00 CF-134	41,970.65	
AJE#07	12/31/2017	ACCOUNTS PAYABLE	134-0000.201 00 00 CF-134	41,970.65	
AJE#07	12/31/2017	ACCOUNTS PAYABLE	134-0000.201 00 00 CF-134	86,572.56	
AJE#07	12/31/2017	DUE TO OTHER FUNDS	134-0000.204 00 00 CF-134	101,309.86	
AJE#07	12/31/2017	DUE TO OTHER FUNDS	134-0000.204 00 00 CF-134		-41,970.65
AJE#07	12/31/2017	DUE TO OTHER FUNDS	134-0000.204 00 00 CF-134		-44,478.29
AJE#07	12/31/2017	DUE TO OTHER FUNDS	134-0000.204 00 00 CF-134		-41,970.65
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2120.421 80 16 CF-134		-50,654.93
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2120.421 80 16 CF-134		-43,286.28
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2120.421 80 16 CF-134		-48,991.06
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2210.422 80 16 CF-134		-50,654.93
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2210.422 80 16 CF-134		-43,286.28
AJE#07	12/31/2017	PENSION CONTRI-BY F&B TAX	134-2210.422 80 16 CF-134	48,991.06	
AJE#07	12/31/2017	HARRIS BANK / CONCENTRATION ACCOUNT	901-0000.101 10 01 PC-901	44,478.29	
AJE#07	12/31/2017	FOOD AND BEVERAGE FUND	901-0000.290 11 34 PC-901		-44,478.29
Correct F&B due to pension funds					
AJE#08	12/31/2017	ACCOUNTS PAYABLE	10-0000.201 00 00 GF-10	1,011,094.00	
AJE#08	12/31/2017	DUE TO OTHER FUNDS	10-0000.204 00 00 GF-10		-1,011,094.00
Reclass Ptax from payable to due to pension fund					

CITY OF NAPERVILLE, ILLINOIS

**COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT**

December 31, 2017

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

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COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

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 deficiencies dated December 31, 2016. The status of these is included in Appendix A.

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
June 21, 2018

DEFICIENCIES

1. Review of Year End Accruals

During our audit we noted various balance sheet accruals that were not properly adjusted at year end. Journal entries were posted after the start of the audit to adjust year end balances at December 31, 2017 in the following areas: Grants receivable, Accounts Payable, Accrued Expenses, Retainage Payable, Due to/from Fiduciary Funds, Unbilled Revenue, Capital assets, and Long-term debt. We recommend that the City perform a detailed review of all year end accruals and the final trial balances as part of their year end close process.

2. Police Cash Receipts

During our testing of cash receipts at the Police Department, we noted that the cash receipts received in the Tyler Cashiering system are not being reconciled to tickets marked paid in the T2Flex ticketing system. Sikich was able to view a batch report for the total cash received each day from Tyler Cashiering. However, we were unable to trace a specific cash receipt to a parking ticket marked paid in T2Flex. Additionally, a report for the total parking tickets paid on a specific day was unable to be generated in T2Flex. Sikich recommends including the parking citation number on the cash receipt in Tyler Cashiering so that the receipts can be traced and reconciled to tickets marked paid in T2Flex. We also recommend that cash received for tickets in Tyler Cashiering be reconciled to tickets marked paid in the T2Flex ticketing system.

3. Internal Service Fund Insurance Revenue and Group Medical/Dental Expense

During our review of internal service fund health insurance revenue and expense, it was noted that the group medical expense allocated to the various funds exceeded the health insurance revenue in the internal service fund by approximately \$801,000. Additionally, the group dental expense exceeded the dental revenue in the internal service fund by approximately \$30,000. We recommend that the City review the process for allocating costs from the internal service fund and reconcile the revenue and expense to ensure that the costs being allocated are appropriate.

OTHER COMMENTS

1. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the City 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 financial statements for the fiscal year ending December 31, 2018.

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 year ending December 31, 2017 and December 31, 2018. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this standard are effective for the fiscal year ending December 31, 2019. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending December 31, 2019. Earlier application is encouraged.

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 December 31, 2018 and thereafter, early application is allowed and encouraged.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is intended to improve accounting and financial reporting for in-substance defeasances of debt, prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the fiscal year ending December 31, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and aims to enhance comparability of financial statements among governments. This statement also requires additional notes to the financial statements related to the timing, significance and purpose of a government's leasing arrangements. The requirements of this statement are effective for the fiscal year ending December 31, 2020. Earlier application is encouraged.

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 fiscal years ending December 31, 2019 and thereafter.

We will advise the City of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and changes in financial position of the City.

APPENDIX A
STATUS OF PRIOR YEAR RECOMMENDATIONS

DEFICIENCIES

1. Grant Accounting

As noted in the prior year, due to the decentralized nature of the City's departments, the City is not able to efficiently monitor the status of grant expenditures submitted for reimbursement. Accordingly, during the year the City's grant activity is accounted for on the cash basis. During our audit, we noted that grant receivable balances were unadjusted from the prior year. Adjustments were proposed to adjust grant receivable balances at December 31, 2016. We recommend that the City identify all grant expenditures and record receivables to properly account for grant activity on the accrual basis.

Status - Comment has been partially implemented as of December 31, 2017. See current year deficiency #1.

2. Shared User Accounts

As noted in the prior year, some employees of the City of Naperville are accessing the ERP system with shared user accounts. When users share the same accounts to access IT and financial systems, there is no way to track which employee made which change to these systems. Sikich recommends that each employee be assigned his or her own unique user account so any changes made to the systems can be accurately logged and tracked.

Status - Comment considered implemented for the year ended December 31, 2017.

3. Journal Entry Review

During our testing of manual journal entries, we noted that there were 33 user ID's from which adjusting journal entries were posted during the year. Additionally, we noted that the City's accounting system does not segregate entry and posting of journal entries and that the City does not have a formal review process for documenting the review of manual journal entries posted to the accounting system. We recommend that the City review access rights to determine which users should enter and post manual journal entries to the accounting system. Additionally, we recommend that the City develop a formal process to ensure that all manual journal entries are properly reviewed prior to being posted.

Status - Comment is still applicable for the year ended December 31, 2017.

DEFICIENCIES (Continued)

4. Capital Assets

As also noted in the prior year, during our audit, we noted that a significant amount of time was required to record all capital asset activity for the year for both the City's governmental activities and enterprise funds. The City was able to provide adjustments to the financial statements to properly record the capital assets at year end. However, we recommend that the City reevaluate its capitalization policy to determine that it is appropriate for accounting and financial reporting purposes. Also, we recommend that the City consider having a capital asset inventory valuation performed.

Status - Comment has been partially implemented as of December 31, 2017. See current year deficiency #1.

ADVISORY COMMENTS

1. Develop an Information Technology Disaster Recovery Plan

The City of Naperville does not have well-defined, written disaster recovery procedures. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing IT facilities. We recommend that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage.
- A listing of all data files that would have to be obtained from the off-site storage location.
- Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing. (Management should make arrangements for such backup with another company, a computer vendor, or a service center. The agreement should be in writing.)
- Responsibilities of various personnel in an emergency.
- Priority of critical applications and reporting requirements during the emergency period.

Status - Comment is still applicable for the year ended December 31, 2017.

ADVISORY COMMENTS (Continued)

2. Develop an Information Technology Standards, Policies, and Procedures Manual

We noted that the City of Naperville does not have formally documented computer standards, policies, and procedures to provide control over the various computer activities being performed. A computer-based accounting system requires effective general and application controls in order to ensure that assets are safeguarded and that transactions are recorded in accordance with management's authorization. We recommend that the City of Naperville develop an IT standards, policies, and procedures manual. The following items should be considered for inclusion in the manual:

- a. General controls, including the following:
 - 1) Plan of organization and operation of the IT department and computer facility.
 - 2) Procedures for developing, testing, documenting, reviewing, and approving systems or programs and subsequent modifications.
 - 3) Controls over access to computer equipment and data contained therein.
 - 4) Disaster/recovery plans, including backup procedures, off-site storage, and contingency planning.
 - 5) Review procedures and guidelines for tasks performed in the IT department.
- b. Application controls in the following three areas:
 - 1) Input controls to provide reasonable assurance that data received for processing by the computer is authorized, complete, and accurate.
 - 2) Processing controls to ensure that all transactions are processed as intended and that no unauthorized transactions are processed.
 - 3) Output controls to ensure the accuracy of data processing and that only authorized personnel receive the output.

Status - Comment is still applicable for the year ended December 31, 2017.

FIRM PROFILE



ORGANIZATION

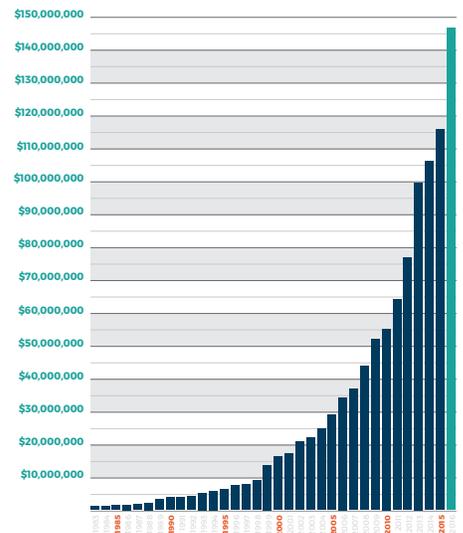
Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has 750+ professionals throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 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

SIKICH TOTAL REVENUES



STATISTICS

2016 Revenues \$146.4M
 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

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 101 Best and Brightest Companies to Work For®



2017 AWARDS

- Bob Scott's Top 100 Value Added Reseller Stars (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
- *Crain's List* Chicago's Largest Privately Held Companies - ranked #234
- *Chicago Tribune's* Top Workplaces
- 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

2015 AWARDS

- National Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- Edge Award - Community Service
- *Chicago Tribune's* Top Workplaces

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

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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.

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Gold

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2017/2018
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- **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)**

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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

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