



**WINNEBAGO COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD  
ROCKFORD, ILLINOIS**

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AUDITOR'S COMMUNICATION TO THE  
EMERGENCY TELEPHONE SYSTEM BOARD

For the Year Ended September 30, 2021

The background of the lower half of the page is an abstract geometric design. It features a series of overlapping, semi-transparent triangles and polygons in shades of gray and white, creating a complex, layered effect. The overall shape of the design is roughly rectangular, matching the page layout.

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**WINNEBAGO COUNTY EMERGENCY TELEPHONE SYSTEM BOARD  
ROCKFORD, ILLINOIS  
AUDITOR’S COMMUNICATION TO THE  
EMERGENCY TELEPHONE SYSTEM BOARD  
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1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

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May 25, 2022

The Honorable Chairman  
Members of the Board  
Winnebago County Emergency  
Telephone System Board  
Rockford, Illinois

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on January 31, 2022.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the Winnebago County Emergency Telephone System Board (ETSB), are enclosed within this document.

This information is intended solely for the use of the ETSB and Management of the ETSB 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

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

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May 25, 2022

The Honorable Chairman  
Members of the Board  
Winnebago County Emergency  
Telephone System Board  
Rockford, Illinois

We have audited the financial statements of the governmental activities and the major fund of the Winnebago County Emergency Telephone System Board (the ETSB), Rockford, Illinois, as of and for the year ended September 30, 2021 and have issued our report thereon dated May 25, 2022. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 10, 2021. Professional standards also require that we communicate to you the following information related to our audit.

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the ETSB 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 September 30, 2021. We noted no transactions entered into by the ETSB 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures during our audit of the financial statements.

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, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, with the exception of AJE#01 on the attached schedule.

## **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated May 25, 2022.

## **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 ETSB'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 ETSB'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 (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.

## **Restriction on Use**

This information is intended solely for the use of the Winnebago County Emergency Telephone System Board and Management 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

**WC ETSB**

Year End: September 30, 2021

**Adjusting Journal Entries**

Date: 10/1/2020 To 9/30/2021

Account No: AJE#01 To AJE-99

Number	Date	Name	Account No	Debit	Credit
AJE-01	9/30/2021	ACCOUNTS PAYABLE	0114-0-00-000-00-21100 - GEN		-83,498.46
AJE-01	9/30/2021	TELEPHONE	0114-2-30-414-00-43210 - GEN	83,498.46	
To record payable related to September 911 phone charges					

## GOV'T WIDE

(OPINION UNIT)

9/30/2021

All entries posted as Debit (Credit)

- 6 -



## PASSED ADJUSTMENTS

**WINNEBAGO COUNTY - ETSB**

## GENERAL

(CLIENT)

(FUND OR FUND TYPE)

For the Year Ended 9/30/2021

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Fund Balance)	Change in Fund Balance
Current Effect of Prior Period Passed AJE's that have carried forward to Current Period	-	\$ 27,379	\$ -	\$ (27,379)	\$ -
Additional payment made on Wordsystems lease made in FY20 for FY21 (maintenance portion)	-	-	-	11,483	(11,483)
Motorola Solutions payments made in FY20 for maintenance support for FY21.	-	-	-	15,896	(15,896)
Totals		\$ 27,379	\$ -	\$ -	\$ (27,379)

**WINNEBAGO COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD  
ROCKFORD, ILLINOIS**

**MANAGEMENT LETTER**

September 30, 2021

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

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The Honorable Chairman  
Members of the Board  
Winnebago County Emergency  
Telephone System Board  
Rockford, Illinois

In planning and performing our audit of the of the governmental activities and the major fund that collectively comprise the basic financial statements of the Winnebago County Emergency Telephone System Board (the ETSB) Rockford, Illinois, as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the ETSB's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ETSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the ETSB's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified. This letter does not affect our report dated May 25, 2022, on the basic financial statements of the ETSB.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. In addition, we reviewed the status of the comments from the September 30, 2020 audit. The status of these comments is included in Appendix A.

This communication is intended solely for the information and use of the Winnebago County Emergency Telephone System Board and Management. We are available to discuss any of these comments and to assist in their implementation if requested.

*Sikich LLP*

Naperville, Illinois  
May 25, 2022

## **DEFICIENCIES**

### **1. Board Reporting**

We noted that while the ETSB reviews financial statements on a monthly basis, the ETSB does not review a detailed check register or a journal entry listing. We recommend that a detailed check register and journal entry listing be included in the ETSB's monthly board report for review.

### **2. Capital Asset Restatement**

During our review of capital assets, we noted that the ETSB has historically capitalized a building that was purchased by the ETSB but is not owned by the ETSB. Additionally, current year remodeling to this building was originally capitalized as well. We recommend that ETSB reviews all current and future capital assets to ensure only capital assets owned by the ETSB are capitalized and recognized on their financial statements.

### **3. County Salary Reimbursement**

During our expenditure testing, we noted that the ETSB salary reimbursements to the County are recognized via journal entry to the expense line item rather than paid via an invoice. The reimbursements are estimates recorded with a journal entry rather than an exact amount billed by the County.

We recommend that the ETSB requests invoices from the County on a monthly or annual basis with exact amounts due. Additionally, we recommend that the ETSB works with the County to ensure the estimate and actual amounts billed are reconciled.

### **4. ETSB Reimbursement to County**

We noted the ETSB reimburses the County an additional sum of money each year based upon Board approval from several years ago. It is unclear if this additional reimbursement was for a single year or intended to be included every year going forward. We recommend that this reimbursement be outlined in the updated intergovernmental agreement.

### **5. Invoice Processing**

During our review of internal controls, we noted that the ETSB does not have a consistent process for approval of invoices and the allocation of the invoices to the appropriate general ledger or budget line item.

We recommend the ETSB develops a process for centralized invoice processing.

## OTHER INFORMATION

### 1. Future Accounting Pronouncements

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

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 September 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improved required note disclosures. This statement is effective for fiscal year ending September 30, 2022.

GASB Statement No. 92, *Omnibus 2020*, addresses a variety of topics including: The effective date of Statement No. 87 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73 to Certain Provisions of GASB Statement Nos. 67 and 68, as amended, and No. 74, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements of this Statement are effective for the fiscal years ending September 30, 2022, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

## **OTHER COMMENTS (Continued)**

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued to address the financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The statement clarifies the existing guidance under Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended and Statement No. 87, *Leases*. The statement preserves the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. This statement is effective for the fiscal year ending September 30, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued to address issues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal year ending September 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for fiscal year ending September 30, 2023.

**APPENDIX A**  
**STATUS OF COMMENTS FROM SEPTEMBER 30, 2020**

**SIGNIFICANT DEFICIENCIES**

**1. Long Term Commitments**

There are prior period adjustments in 2020 to record a long-term commitment and intangible asset that had not previously been identified by the ETSB. Additionally, the prior year bonds payable was restated. We recommend that the ETSB implement procedures to identify and track all long-term commitments and debt to ensure they are reported and disclosed in the appropriate fiscal year.

**Status:** Comment considered implemented as of September 30, 2021.

**2. Capital Leases**

There is a prior period adjustment in 2019 to record a capital lease that originated in 2017 that had not previously been identified. We recommend that the ETSB implement procedures to identify and track all contractual agreements that may meet the definition of a lease through review of expenditures and contracts to ensure they are properly accounted for in the correct period.

**Status:** Comment considered implemented as of September 30, 2021.

**DEFICIENCY**

**1. Investment Income**

The cash and investments of the ETSB are held and managed by the County Treasurer. We noted that the ETSB has approximately \$6 million of cash and investments, however, there is no investment income from this allocated to the ETSB. We recommend that a portion of investment income be allocated to the ETSB.

**Status:** Comment considered implemented as of September 30, 2021.

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

Now with more than 1,400 employees, Sikich draws on a diverse portfolio of technology solutions to deliver transformative digital strategies and ranks as one of the largest CPA firms in the United States. From corporations and not-for-profits to state and local governments and federal agencies, Sikich clients utilize a broad spectrum of services and products to help them improve performance and achieve long-term, strategic goals.

## INDUSTRIES

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

AGRICULTURE	AUTOMOTIVE	CONSTRUCTION & REAL ESTATE
DISTRIBUTION & SUPPLY CHAIN	GOVERNMENT	HIGH-TECH
LIFE SCIENCES	MANUFACTURING	NOT-FOR-PROFIT
PRIVATE EQUITY	PROFESSIONAL SERVICES	

## SPECIALIZED SERVICES

### ACCOUNTING, AUDIT, TAX & CONSULTING SERVICES

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

### TECHNOLOGY

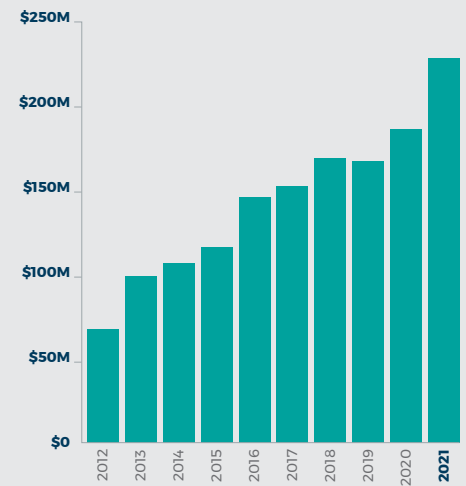
- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Cybersecurity & Compliance
- Digital Transformation Consulting

### ADVISORY

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

## WHO WE ARE

TOTAL PARTNERS .....100+  
TOTAL PERSONNEL .....1,400+  
2021 REVENUE .....\$229M



## LOCATIONS

### Sikich Is A Remote First Organization

**Akron, OH**  
(330) 864-6661  
**Alexandria, VA**  
(703) 836-1350  
**Boston, MA**  
(508) 485-5588  
**Chattanooga, TN**  
(423) 954-3007  
**Chicago, IL**  
(312) 648-6666  
**Crofton, MD**  
(410) 451-5150  
**Decatur, IL**  
(217) 423-6000  
**Indianapolis, IN**  
(317) 842-4466  
**Los Angeles, CA**  
(877) 279-1900

**Milwaukee, WI**  
(262) 754-9400  
**Minneapolis, MN**  
(331) 229-5235  
**Naperville, IL**  
(630) 566-8400  
**Peoria, IL**  
(309) 694-4251  
**Princeton, NJ**  
(609) 285-5000  
**Springfield, IL**  
(217) 793-3363  
**St. Louis, MO**  
(314) 275-7277  
**Washington, MO**  
(636) 239-4785

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

\*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.



## CULTURE

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



## CERTIFICATIONS & AWARDS

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

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



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

Sikich has achieved the prestigious **Inner Circle for Microsoft Dynamics** recognition. Membership in this elite group is based on sales achievements that rank Sikich in the top echelon of the Microsoft global network of partners.



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



Sikich is a recipient of **The Channel Co. CRN MSP 500 Top Managed Service Partner Award**, **Channel Futures MSP 501 Top Managed Service Partner Award** and ranks within the **top 350 Microsoft partners in the U.S.**, according to Redmond Channel Partner Magazine.



## NET PROMOTER SCORE

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

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

