DUPAGE COUNTY, ILLINOIS

Wheaton, Illinois

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended November 30, 2018

DUPAGE COUNTY, ILLINOIS

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REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

In planning and performing our audit of the financial statements of DuPage County, Illinois as of and for the year ended November 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

A separate Report on Internal Control was issued to the DuPage County Health Department, the Water and Sewerage System of DuPage County, the DuPage Clerk of the Circuit Courts, and the Emergency Telephone System Board of DuPage County. The information contained in those reports is not included with this report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in DuPage County's internal control to be significant deficiencies:

- County Board – Finance
    - Non-Treasurer Held Bank Accounts
- County Board – Care Center
    - Patient Billing

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

The management of DuPage County's written responses to the significant deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
May 22, 2019

SIGNIFICANT DEFICIENCY – COUNTY BOARD - FINANCE

Non-Treasurer Held Bank Accounts

As reported in the prior year, a properly and effectively designed system of internal control should encompass all operational activity of the County. This includes decentralized transactional activity and bank accounts maintained by the various departments and offices of the County other than the County Treasurer.

We noted that several departments and offices utilize bank accounts that are not reported in the County's general ledger software throughout the year. In both the current year and prior year, the Finance Department provided the appropriate entries and audit entries were not necessary. These "off-book" accounts consisted of governmental fund accounts and agency accounts in which the County held fiduciary responsibility for monies required to be distributed to other entities.

While some departments and offices maintain their own systems of internal controls, the maintenance of accounts outside the County's internal control procedures ensures that the accounts and related activity do not go through the County's centralized review and approval procedures. Specifically, the County's multi-office monthly review of bank reconciliations, and review and approval process over disbursements.

By operating outside the auspices of the County's primary system of internal controls, there is a risk that the County's financial statements would exclude transactional activity and existing bank account balances without the knowledge of management or the County Board. Additionally, errors or fraud could occur in these accounts without being discovered that would have otherwise been identified within the primary control procedures.

We recommend that all bank accounts opened in the name of the County or department/office of the County be maintained and operated through the County's general ledger software. Transactions related to these accounts should also be recorded in the general ledger on a timely basis. If it is not feasible for transactional activity to be processed through the County's primary control procedures, each department and office maintaining "off-book" accounts should document and implement internal control procedures to ensure that bank reconciliations are prepared on a monthly basis and reviewed by someone other than the preparer and disbursements from the accounts be reviewed and approved before the transaction takes place.

Management Response:

As previously stated, management agrees with Baker Tilly's recommendation, and will continue to strongly encourage all offices that have separate cash accounts to bring those accounts "on-line", when appropriate, by processing transactions through the County's general ledger system on a timely basis, and to be subjected to the County's internal control procedures. Management understands that due to the nature of some of these accounts, some accounts will not be brought "on-line". Until such appropriate accounts are brought "on-line", management will strongly encourage all offices having such accounts to adhere to internal control procedures that include the following requirements: preparation of monthly bank reconciliations; review by a second party of monthly bank reconciliations and disbursements, and review by the Finance Department of quarterly reconciliations and transaction reports. Although we recognize that elected officials are not required to comply with these requirements, we encourage them to do so, to achieve the highest standard in internal control. The Finance Department will continue to work with the County Treasurer to advocate for the above changes.

Additionally, in preparation for implementation of GASB No. 84, "Fiduciary Activities", which is effective FY 2020, the Finance Department, in FY 2019, will be assessing whether the activities in the Non-Treasurer held bank accounts need to be reported as fiduciary activities. Depending on the result of these assessments, some of these accounts may need to be maintained on the County's general ledger.

SIGNIFICANT DEFICIENCY – COUNTY BOARD – CARE CENTER

Patient Billing

As reported in the prior year, the Care Center receives delayed information regarding when patients are admitted into Medicare and could receive information after the County's financial statements have been issued. As such, it is necessary for the Care Center to prepare retroactive billings once information regarding Medicare patients is received. Currently, the Care Center is behind in preparing the retroactive billings which results in this comment being repeated. The result of these occurrences is:

> Before patients are admitted into Medicaid they are billed as private pay residents which is at a higher rate than Medicare patients and

> When reimbursements are received from Medicaid, the Medicaid receivable account is reduced for the payment. If the payment is received prior to the retroactive billing adjustment, the bill is still included in the Private Pay receivable account. At year end, this resulted in the Medicaid receivable account having a negative balance offset by a Private Pay receivable balance that was overstated.

Management Response:

Prior Process for Retroactive Billing

A majority of DPCC's patient population is either funded through the State's Medicaid program or has applied for acceptance into the program. The State has been grossly delinquent in approving residents for Medicaid (even after they are eligible thru the Spend down process), during which time the resident remains as private pay status for billing purposes. Once notification of Medicaid approval is received, the private pay charges put into the billing software during the pending period, must be analyzed and re-established under the Medicaid payor source at the appropriate rates. Medicaid rates are adjusted quarterly and sometimes monthly and take into account such things as patient income and income offsets. The analysis and reclassification of billing requires a thorough understanding of the Medicaid process and is time consuming especially when approval can take up to a year. As a result, DPCC financial department reevaluated the current method of analysis and reclassification and put in new processes to reduce the number and complexity of retroactive billings moving forward.

New Process for Retroactive Billing effective 12/01/2018

Upon completion of financial screening and application for Medicaid benefits, the resident will be classified as Medicaid in DPCC billing software resulting in

- Medicaid revenue to be booked at the Medicaid rate versus Private Pay rate.
- Increased frequency of Medicaid receivable review also allows the Care Center's receivable classification to reflect the ultimate payor source and decreases the number of accounts that require review/analysis of retroactive classification changes.
- DPCC Financial services staff has reviewed and analyzed approximately 25%-30% of the existing Retroactive Medicaid Billings and made the appropriate adjustments.

SIGNIFICANT DEFICIENCY – COUNTY BOARD – CARE CENTER (cont'd)

New Changes-State of Illinois Medicaid Eligibility Program

During FY 2018, the State of Illinois established a provisional eligibility program for all residents applying for Medicaid benefits.

- The intent of the Provisional Eligibility program is to pay facilities the Medicaid rate for residents who are in the Medicaid review process. At this time, we have not yet received payment under this program.
- A quicker change in the classification of the resident payor source, allows us to bill in a timely manner and reduces the number and complexity of accounts needing retroactive analysis.

PRIOR YEAR COMMENT – COUNTY BOARD – CARE CENTER

External Financial Reporting

In the prior year, audit procedures revealed that the Convalescent Center Fund was improperly presenting long-term liabilities on the modified accrual fund financial statements. Audit adjustments were made to remove the long-term liabilities from the fund financial statements and a material weakness in external financial reporting was reported. During our audit procedures in the current year, it was determined that long-term liabilities were properly removed from the modified accrual financial statements, but unavailable revenue and unearned revenue were improperly reported. Audit adjustments were made to correct the unavailable revenue balance and remove the unearned revenue no longer applicable from the fund financial statements. These adjustments indicate a material weakness in the financial reporting system. We recommend the Care Center incorporate additional internal controls over financial reporting to appropriately report activities on the modified accrual basis of accounting.

Current Year Status:

In the current year, audit procedures did not result in any material adjustments to the Care Center's financial statements due to additional review controls implemented by the Care Center, County Finance Department and County Auditor.

COMMUNICATION OF INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

INFORMATIONAL POINTS

GASB UPDATES

The following is a schedule of GASB pronouncements:

Task or Event	Effective Date	Impact
GASB 83 – Certain Asset Retirement Obligations	November 30, 2019	This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).
GASB 84 – Fiduciary Activities	November 30, 2020	The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
GASB 87 - Leases	November 30, 2021	The objective of this statement is to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	November 30, 2019	The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.
GASB No. 89 – Capitalization of Interest Cost	November 30, 2021	The objective of this Statement is to simplify the accounting and financial reporting standards for capitalization of interest cost, with the goal of enhancing the relevance of capital asset information and potentially simplifying financial reporting.
GASB No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61	November 30, 2020	The objective of this Statement is to improve financial reporting of majority equity ownership in legally separate entities.

INFORMATIONAL POINTS

GASB UPDATES (cont.)

Looking even further ahead, the Technical Agenda, below, outlines significant areas GASB is currently working on:

- Conceptual Framework
  - Disclosure
  - Recognition
- Major Projects
  - Financial Reporting Model
  - Revenue and Expense Recognition
  - Public-Private Partnerships
- Practice Issues
  - Conduit Debt
  - Deferred Compensation Plans
  - Secured Overnight Financing Rate
  - Subscription-Based IT arrangements
  - Implementation Guidance
- Pre-Agenda Research
  - Going Concern
  - Compensated Absences
  - Prior-Period Adjustments, Accounting Changes and Error Corrections

Through our firm involvement on AICPA committees, Baker Tilly follows these developments closely so that we can help you prepare for the changes as they evolve. This participation also allows us to share with GASB the experiences and perspectives of our clients to potentially influence the direction of future projects.

Full lists of projects, as well as many resources, are available on GASB's website which is located at www.gasb.org.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of DuPage County for the year ended November 30, 2018, and have issued our report thereon dated May 22, 2019. This letter presents communications required by our professional standards.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS, AND THE UNIFORM GUIDANCE

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the County Board of their responsibilities.

We considered DuPage County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DuPage County's internal control over financial reporting. We also considered internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

As part of obtaining reasonable assurance about whether DuPage County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about DuPage County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on DuPage County's compliance with those requirements. While our audit provides a reasonable basis for our opinion on compliance, it does not provide a legal determination on DuPage County's compliance with those requirements.

We have issued a separate document which contains the results of our audit procedures to comply with the Uniform Guidance.

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our letter dated March 11, 2019.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

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 DuPage County are described in Note I to the financial statements. As described in Note I, DuPage County changed accounting policies related to reporting the other postemployment benefit liability by adoption of GASB Statement No. 75 in 2018. Accordingly, the accounting change has been retrospectively applied to the prior period presented.

We noted no transactions entered into by DuPage County during the fiscal year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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. The most sensitive estimates affecting the financial statements were:

- The estimate of the self-insurance claims liabilities, which are based on a historical claim's analysis and report prepared by the County's third party administrators.
- The estimate of the total other post-employment benefits liability, which is based on an actuarial study.
- The estimate of the net pension liabilities, which are based upon actuarial studies.
- The estimate of depreciation expense, based on estimated useful lives.
- The estimate of the allowance for doubtful accounts, which is based upon historical collection experience.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

CORRECTED AND UNCORRECTED 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.

A description of uncorrected financial statement misstatements is included in the management representation letter which follows this required communication. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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 financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' 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.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

SIGNIFICANT ISSUES

Professional standards require us to communicate any significant issues that were discussed, or were the subject of correspondence with management. There were no additional communications or correspondence with management that have not been disclosed in this letter.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and DuPage County that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of DuPage County for the year ended November 30, 2018, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to DuPage County in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to DuPage County other than audit services provided in connection with the audit of the current year's financial statements and the following non-audit service which in our judgment does not impair our independence.

- Financial statement preparation
- Adjusting journal entries
- Preparation of the Auditee section of the Data Collection Form

This non-audit service does not constitute an audit under generally accepted auditing standards, including *Government Auditing Standards.*

To the Honorable Chairman and
Members of the County Board
DuPage County, Illinois

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 DuPage County'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

With respect to the supplementary information accompanying the 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 financial statements or to the financial statements themselves.

We applied certain limited procedures to the required supplementary information (RSI) that supplements the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other information, which accompanies the 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 County Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

The Baker Tilly Virchow Krause, LLP management team members that performed the County's audit this year were Joe Lightcap (Engagement Partner), Heather Acker (Engagement Quality Reviewer), Michael Malatt (Senior Manager) and Anna Wiszowaty (Manager). We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
May 22, 2019

MANAGEMENT REPRESENTATIONS

THE COUNTY OF DUPAGE WHEATON, ILLINOIS
DUPAGE COUNTY

FINANCE
630-407-6100
www.dupageco.org/finance

May 22, 2019

Baker Tilly Virchow Krause, LLP

1301 W. 22nd Street

Suite 400

Oak Brook Illinois 60523

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of DuPage County, Illinois as of November 30, 2018 and for the year then ended for the purpose of expressing opinions as to whether the financial statements (except for the DuPage Airport Authority, a discretely presented component unit of the County) present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of DuPage County, Illinois and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.

2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

7. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

9. We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. The uncorrected financial statement misstatements are as follows:

   a. Net pension liability was derived from IMRF's actuarial valuations that varied from schedules audited by the IMRF plan auditors. As a result, Governmental Activities total liabilities were overstated by $1,480,603, ending net position was understated by $1,480,603, expenses were overstated by $971,868, and beginning net position was understated by $508,735.

   b. Claims payable and expenses were understated in the Tort Liability Insurance Fund and Governmental Activities by $1,340,000 related to claims settled after year end.

   c. In both the current and prior year, the Care Center under accrued bed assessment liability and over accrued the amount due to the Illinois Department of Human Services. As a result, Care Center Fund liabilities were understated by $103,767, ending fund balance was overstated by $103,767, expenditures were understated by $193,073, and beginning fund balance was understated by $89,306.

   d. In the prior year, the Care Center did not record a portion of an annual maintenance service agreement that related to the current fiscal year as a prepaid item. As a result, beginning fund balance and expenditures were understated by $29,485.

10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

11. Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the County Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management,
    b. Employees who have significant roles in internal control, or
    c. Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

16. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17. There are no known related parties or related party relationships and transactions of which we are aware.

Other

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. We have a process to track the status of audit findings and recommendations.

20. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.

22. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

23. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

24. There are no:

    a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

    c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

    d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

    e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

25. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

    a. Financial statement preparation
    b. Adjusting journal entries
    c. Preparation of auditee sections of the data collection form

    None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26. DuPage County, Illinois has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27. DuPage County, Illinois has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

28. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.

29. The financial statements properly classify all funds and activities.

30. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

31. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

32. DuPage County, Illinois has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

33. Provisions for uncollectible receivables, if any, have been properly identified and recorded.

34. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

35. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

37. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

39. Tax-exempt bonds issued have retained their tax-exempt status.

40. We have appropriately disclosed DuPage County, Illinois's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

42. With respect to the supplementary information, (SI):

    a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

43. We assume responsibility for, and agree with, the findings of specialists in evaluating the total OPEB liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

44. We agree with the restatement presented in the current year's financial statements.

45. We assume responsibility for, and agree with, the information provided by the Illinois Municipal Retirement Fund as audited by RSM, LLP relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

46. We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.

47. We have implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and believe that all liabilities, deferred outflows and deferred inflows have been identified and properly classified in the financial statements and any other required classifications and RSI have been computed in compliance with the Standard.

48. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

Sincerely,

DuPage County, Illinois

Signed: Paul P. Rafac
Paul Rafac, Chief Financial Officer

Signed: Tom Cuculich
Tom Cuculich, Chief of Staff