# WILL COUNTY

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended November 30, 2014

**WILL COUNTY**

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

BAKER TILLY

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Members of the Board of
Will County, Illinois

In planning and performing our audit of the financial statements of Will County as of and for the year ended November 30, 2014, 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.

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 a certain deficiency in internal control that we consider to be a material weakness.

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 consider the following deficiency in Will County’s internal control to be a material weakness:

- Internal Control Over Financial Reporting

Will County's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the 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

Chicago, Illinois
July 24, 2015

## MATERIAL WEAKNESS - INTERNAL CONTROL OVER FINANCIAL REPORTING

The County's internal controls over financial reporting should be designed to prepare financial statements in accordance with United States Generally Accepted Accounting Principles (GAAP). Material journal entries as a result of audit procedures in the current year indicate that there is a material weakness in the County's financial reporting system.

Our audit procedures in the current year identified material journal entries related to amounts owed to the Illinois Department of Transportation for shared road project costs, amounts owed to the County by another local government pertaining to shared road project costs, and adjusting entries related to capital leases entered into during the year.

The County's Highway Department has a system in place to track the status of individual projects that have shared costs with other governmental entities. These types of projects have varying terms and span multiple fiscal years. Over the life of these individual projects, the Highway Department verifies that amounts owed to outside agencies and amounts owed to the County are appropriately paid and/or received by the close out of the project. The County currently lacks an internal process to ensure that liabilities and/or receivables related to these projects are properly included in the year-end financial statements. The absence of this process could result in expenses/liabilities and revenues/receivables related to these projects to be unrecognized in the County's financial statements. We recommend that the County implement a process with reasonable internal controls to ensure that potential liabilities and/or receivables related to these projects are properly included in the year-end financial statements.

Furthermore, the County should implement a formal process to ensure that all leases entered into by other departments are appropriately communicated to the Finance Department in a timely manner. This process will ensure that leases are appropriately accounted for in the year-end financial statements. In the absence of a formal process, leases could potentially go unrecognized in the year-end financial statements.

***Management's Response:***

The Finance Department will work with the Division of Transportation to develop an internal process to ensure that potential liabilities and/or receivables related to transportation projects that span multiple fiscal years are properly included in the year-end financial statements.

The Finance Department will develop a formal process to ensure that all leases entered into by other departments or boards are communicated in a timely manner to ensure the accounting for these transactions are appropriately included in the year-end financial statements.

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

## RECOMMENDATIONS

### *INTERNAL CONTROLS OVER PAYROLL*

Persons preparing the payroll should be restricted from access to perform other personnel duties and also restricted from access to the payroll bank account. The Will County Payroll Department processes payroll and has access to change employee information and add new employees.

### *COLLATERALIZATION OF DECENTRALIZED BANK ACCOUNTS WHICH EXCEED FDIC COVERAGE*

During discussions with the County Auditor and procedures over certain non-treasury bank deposit balances, it was noted that there is not a policy or procedure in place to monitor non-treasury bank balances for proper collateralization. During our audit, many non-treasury related collateral statements had to be requested from the respective banking institutions because they could not be located at the County. Per discussion with the County Auditor, there is not currently a formal procedure in place, nor identification of who has the responsibility of ensuring proper collateral been centralized. It is recommended that County departments with responsibility for cash balances and the County Auditor work together to either centralize the monitoring of non-treasury collateralization, or to develop formal policies and procedures to ensure proper collateralization of County cash. If the County does not properly monitor the collateralization of its bank balances, it could be at risk of having uninsured losses in the event of a bank failure for those balances above FDIC coverage limits. We did not note any instances of uncollateralized non-treasury bank balances during our audit procedures.

### *COLLATERALIZATION OF CERTAIN CASH BALANCES WITHIN INVESTMENT ACCOUNTS*

While performing a review over the collateralization of County cash deposit balances, it was noted that approximately $1.75 million of cash maintained within an external investment portfolio was exposed to custodial credit risk because it was not properly collateralized. The County did not experience any losses with respect to this issue. Immediately subsequent to this discovery, the treasury department invested the amount in a money market mutual fund within the portfolio. The portfolio is an investment account for County OPEB contributions. It was revealed during discussions with treasury department personnel that this portfolio is being managed by the treasury department as a courtesy to the OPEB plan until a trust document can be executed and a board of trustees can be appointed. It is recommended that until this occurs that a procedure is put in place to ensure that balances within the portfolio are either invested in financial instruments or properly collateralized.

## PROFESSIONAL STANDARDS UPDATE / INFORMATIONAL POINTS

### *DECENTRALIZED DEPARTMENT CONTROLS*

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the County. This is in keeping with our responsibility to provide an audit opinion which states that the financial statements of the County are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the County are supported by smaller systems which are decentralized, and reside within a department or location other than the finance or treasurer departments. In many cases, those systems are as simple as handling cash collections and remitting those collections to the County treasurer. In other cases, the department may have its own bank accounts and is responsible for collecting payments, making deposits and disbursements, and reconciling those bank accounts.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances since the County is able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is often difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

The Will County Auditor, the internal auditing office of the County of Will, does provide some level of oversight with many of these decentralized functions in its continuous internal audit.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe it is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within any decentralized locations. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place.

### *GASB PROJECTS*

The following is a schedule of GASB projects:

| Task or Event | Effective Date | Impact |
|---|---|---|
| GASB 68 – Accounting and Financial Reporting for Pensions and GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68 | November 30, 2015 | Your entity belongs to the Illinois Municipal Retirement Fund (IMRF). IMRF is an agent, multiple-employer, defined-benefit, public employee retirement system. IMRF has represented that it will provide the information necessary for the employers to implement GASB No. 68. The government's share of the net pension liability / asset will be reported in its full-accrual funds and the government-wide financial statements. The note disclosures will have significant changes. |
| Current Agenda Project: Fair Value Measurement | Proposed effective date – June 30, 2016 (Exposure Draft issued in May 2014) | The objective of this project is to review and consider alternatives for the further development of the definition of fair value, the methods used to measure fair value and the applicability of fair value guidance to investments and other items currently reported at fair value, and the potential disclosures about fair value. |
| Current Agenda Project: Fiduciary Responsibilities | The GASB Board is expected to issue an Exposure Draft in October 2015 | This project is to assess what additional guidance should be developed regarding the application of the fiduciary responsibility criteria in deciding whether and how governments should report fiduciary activities in their financial reports. |
| Current Agenda Project: Leases | The GASB Board is scheduled to issue an Exposure Draft in January 2016 | The objective of this project is to re-examine issues associated with lease accounting, consider improvements to existing guidance, and provide a basis for the GASB Board to consider whether the current guidance is appropriate based on the definitions of assets and liabilities. |
| Current Agenda Project: Other Postemployment Benefits Accounting and Financial Reporting | Proposed effective date for plans – December 31, 2016; Proposed effective date for employers – December 31, 2017; Proposed effective dates for pensions not administered by a trust – June 30, 2017 (Exposure Drafts issued in May 2014) | The Board will consider the possibility of modifications to the existing standards of accounting and financial reporting for other postemployment benefits (OPEB) by state and local governmental employers and by the trustees, administrators, or sponsors of OPEB plans. GASB has stated that their objectives are to increase financial reporting transparency and to improve the usefulness of information to the various users of the financial statements. |

## **INFORMATIONAL POINTS** (cont.)

### ***GASB PROJECTS*** (cont.)

| Task or Event | Effective Date | Impact |
|---|---|---|
| Current Agenda Project: Blending Requirements for Certain Business-Type Activities | The GASB Board is expected to issue an Exposure Draft in June 2015 | The objective of this project would be improve financial reporting by addressing issues related to inconsistent presentation of component units in financial reporting of governments engaged only in business-type activities. |
| Current Agenda Project: External Investment Pools | The GASB Board is expected to issue an Exposure Draft in June 2015 | The objective of this project is to improve financial reporting by external investment pools and pool participants that report positions in investment pools. |
| Current Agenda Project: Irrevocable Charitable Trusts | The GASB Board is expected to issue an Exposure Draft in May 2015 | The objective of this project is to determine what accounting and financial reporting guidance, if any, should be established for irrevocable charitable trusts held for the benefit of governmental entities. |
| Current Agenda Project: Tax Abatement Disclosures | Proposed effective date – December 31, 2016 (Exposure Draft issued in October 2014) | The objective of this project is to determine what disclosure guidance for governments that have granted tax abatements, if any, are essential to financial statement users. |

The GASB has two other projects which are on hold. They include the conceptual framework for recognition and economic condition reporting – financial projections.

The GASB revisits GASB standards ten (10) years after issuance. The GASB is currently revisiting GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as well as reporting model-related pronouncements including Statements Nos. 37, 41, and No. 46 and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The GASB has indicated that they are revisiting the following major provisions of these standards: management's discussion and analysis, government-wide financial statements, fund financial statements, capital asset reporting, budgetary comparisons, special purpose government reporting, and related notes to financial statements. In addition, the GASB is revisiting debt extinguishments, which includes a reexamination of GASB Statement Nos. 7, 23, and 62. We will share updates with you as they become available.

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

### ***OMB ISSUES GRANT REFORM RULES***

The U.S. Office of Management and Budget (OMB) recently issued comprehensive grant reform rules titled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." The new requirements consolidate what was previously in eight separate OMB Circulars into a new document being referred to as the "super circular" or "omni-circular".

The grant reform rules are intended to streamline the Federal government's guidance on administrative requirements, cost principles, and audit requirements for federal awards. The final guidance supersedes OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133.

***OMB ISSUES GRANT REFORM RULES*** (cont.)

Some of the most significant changes to the administrative requirements include a heightened focus on program performance results, use of technology, standardization of grant documents, and coordinated oversight. The cost principles consolidation includes changes to the definitions of direct and indirect costs, a provision for a de minimis indirect cost rate of 10%, changes to payroll time and effort reporting requirements, and some changes to the allowability of selected cost items. The new rules are expected to be implemented by federal agencies, and pushed out to grant recipients, over the upcoming year.

The reform raises the threshold for a single audit to $750,000, and also includes some changes to program risk assessments, audit coverage, and reporting of findings. The changes in audit requirements will take effect for the County's year ending November 30, 2016.

## REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

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Members of the Board of
Will County, Illinois

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

We have completed our audit of the financial statements of the Will County for the year ended November 30, 2014 and have issued our report thereon dated July 24, 2015. 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 OMB CIRCULAR A-133*

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 OMB Circular A-133. 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 governing body of their responsibilities.

We considered Will County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Will County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 OMB Circular A-133, we examined, on a test basis, evidence about Will County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Will County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Will County's compliance with those requirements.

We have issued a separate document which contains the results of our audit procedures to comply with OMB Circular A-133.

## *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 communication dated January 9, 2015.

## *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 Will County 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 year. We noted no transactions entered into by Will County during the 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:

Management's estimate of the allowance for doubtful accounts, which is based on historical data and an analysis of the collectability of individual accounts.

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 other post-employment benefits liability, which is based on an actuarial study.

We evaluated the key factors and assumptions used to develop the estimates above and 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.

### *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 the uncorrected financial statement misstatements is included in the management representation letter and 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.

During our audit we proposed material audit adjustments to correct the County's accounts payable (increase amount by $2,209,401), accounts receivable and unavailable revenue (increase amounts by $978,125), and to properly show the effect of capital leases entered into by the County during the year (increase other financing sources and expenditures by $2,053,781). Management has provided the correcting entries and has recorded the entries in the financial statements.

### *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.

### *Independence*

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

Relating to our audit of the financial statements of for the year ended November 30, 2014, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Will County in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the Will County other than audit services provided in connection with the audit of the current year's financial statements.

Members of the Board of
Will 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 Will 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*

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.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the 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 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 governing body and management and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Chicago, Illinois
July 24, 2015

# MANAGEMENT REPRESENTATIONS

# WILL COUNTY

WILL COUNTY OFFICE BUILDING • 302 N. CHICAGO STREET • JOLIET, ILLINOIS 60432
(815) 740-4600 • Fax (815) 740-4604

July 24, 2015

Baker Tilly Virchow Krause, LLP
1301 W. 22nd Street
Suite 400
Oak Brook, IL 60523

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of Will County as of November 30, 2014 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the financial position of the Will County 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 and include all properly classified funds and other financial information 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 control 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 control to prevent and detect fraud.

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

6. 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 or in the schedule of findings and questioned costs.

7. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.

8. 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.

   a. During the year, it was determined that checks receipted by the bank in November 2014 were not booked on the County's general ledger until early December 2014. Had these checks been properly recorded in the current year, cash and amounts held in trust for others in aggregate remaining fund information would increase by $876,167.

   b. At November 30, 2014 a held check was incorrectly recorded as a reduction to cash. Had this transaction been properly recorded in the current year, cash and accounts payable in governmental activities and aggregate remaining fund information would increase by $432,651.

   c. As of November 30, 2013 the County had executed a capital lease agreement related to equipment with a principal amount of $1,951,228. This transaction was not recorded in the November 30, 2013 financial statements and was subsequently recorded in the fiscal year 2014 financial statements. As a result of this matter other financing sources and expenditures are overstated by $1,951,228 in the non-major funds as this amount should have been recorded in the November 30, 2013 financial statements. The result of this transaction did not have an effect on ending fund balances in the non-major funds or ending net position as of November 30, 2014.

In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.

9. 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.

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

*Information Provided*

11. 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 and all audit or relevant monitoring reports, if any, received from funding sources.
    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 Will County Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. 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.

13. 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.

14. 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.

15. 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.

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

*Other*

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

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

19. 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.

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

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

22. 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.

23. 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.

24. Will County 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.

25. Will County has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

26. The financial statements include all component units and properly disclose all other related organizations.

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

28. 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.

29. 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.

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

31. Provisions for uncollectible receivables have been properly identified and recorded.

32. 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.

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

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

35. Deposits and investment securities are properly classified as to risk, and investments are properly valued. Collateralization agreements with financial institutions, if any, have been properly disclosed.

36. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

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

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

39. We have appropriately disclosed Will County'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.

40. 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.

41. 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.

    a. 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.

42. We assume responsibility for, and agree with, the findings of specialists in evaluating the other post employement benefit obligation 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.

43. With respect to federal award programs:

    a. We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, OMB Circular A 133, *Audits of States, Local Governments, and Non-Profit Organizations,* including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

    b. We acknowledge our responsibility for presenting the SEFA in accordance with the requirements of OMB Circular A-133 §310.b and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b . The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

    c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.

    d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

    e. We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are administering our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relate to the objectives of the compliance audit, if any, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133 .

u. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditors' reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.

v. We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

z. We are responsible for preparing and implementing a corrective action plan for each audit finding.

aa. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organization relating to noncompliance at the service organizations.

Sincerely,

Will County

Signed: Lawrence M Walsh SMP
Lawrence M. Walsh, County Executive

Signed: Karen Hennessy
Karen M. Hennessy, Finance Director