CITY OF WHEATON
Wheaton, Illinois

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended April 30, 2015
# CITY OF WHEATON

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REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE
The Mayor and City Council
City of Wheaton
Wheaton, Illinois

In planning and performing our audit of the financial statements of the City of Wheaton as of and for the year ended April 30, 2015, 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.

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.

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

October 16, 2015
OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE
TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
   > Identify types of potential misstatements.
   > Consider factors that affect the risks of material misstatement.
   > Design tests of controls, when applicable, and substantive procedures.

   We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

d. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, which we also audit.
TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.
b. We understand that the City Council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
c. We need to know your views about your organization’s objectives and strategies, and the related business risks that may result in material misstatements.
d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
e. Have you had any significant communications with regulators or grantor agencies?
f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the City concerning:

a. The City’s internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We completed preliminary audit work during the month of June. Our final fieldwork was completed in August. After fieldwork, we wrap up our audit procedures at our office. Final copies of our report and other communications are issued after approval by your staff.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor’s sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.
COMMUNICATION OF RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES
PRIOR YEAR RECOMMENDATIONS/OBSERVATIONS

RECORDING OF UTILITY INFRASTRUCTURE RETIREMENTS

During our review of internal controls around the Water and Sewer funds, we noted that the utilities do not record retirements of infrastructure as these items are replaced. This can result in the carrying value of capital assets and the related accumulated depreciation becoming overstated. We recommend that management evaluate the value of their current system as they have added assets, but have not had disposals. The impact is not considered to be material as most of the assets that should have been disposed of are likely fully depreciated.

Status as of 4/30/15

This point still pertains.

PROFESSIONAL STANDARDS UPDATE

The following is a schedule of GASB projects:

<table>
<thead>
<tr>
<th>Task or Event</th>
<th>Effective Date</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>April 30, 2016</td>
<td>Your entity belongs to the Illinois Municipal Retirement Fund (IMRF) and has the Police and Firefighters’ Pension plans. IMRF has represented that it will provide the information necessary for the employers to implement GASB 68. The Police and Firefighters’ Pension plans are single employer, defined-benefit retirement systems. Management will need to calculate the information necessary to report the net pension liability / asset for the Police and Firefighters’ Pension plans. The net pension liability / asset will be reported in the government-wide financial statements. The footnote disclosures will have significant changes.</td>
</tr>
<tr>
<td>GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68</td>
<td>April 30, 2016</td>
<td>The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB No. 68 in the accrual-basis financial statements of the Cotu. This will be addressed along with the implementation of GASB No. 68.</td>
</tr>
<tr>
<td>GASB No. 72 – Fair Value Measurement and Application</td>
<td>April 30, 2017</td>
<td>This standard defines 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 necessary disclosures about fair value.</td>
</tr>
<tr>
<td>Task or Event</td>
<td>Effective Date</td>
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<td>GASB 74 – Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans &amp; GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</td>
<td>Effective date for plans – April 30, 2018; Effective date for employers – April 30, 2019</td>
<td>The standard modifies 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. The standards require similar accounting and reporting as GASB 67 and GASB 68 for pensions.</td>
</tr>
<tr>
<td>GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</td>
<td>April 30, 2017</td>
<td>This standard identifies – in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.</td>
</tr>
<tr>
<td>GASB No. 77 – Tax Abatement Disclosures</td>
<td>April 30, 2017</td>
<td>This standard provides the guidance necessary for note disclosures related to tax abatement programs. This would impact the Village only to the extent it enters into such transactions.</td>
</tr>
<tr>
<td>Current Agenda Project: Fiduciary Responsibilities</td>
<td>The GASB Board is expected to issue an Exposure Draft in October 2015</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.
SEC DEBT COMPLIANCE CONSIDERATIONS

In 2014, the Securities and Exchange Commission (SEC) undertook an initiative known as the Municipalities Continuing Disclosure Cooperation Initiative (MCDC Initiative). This initiative is a result of SEC concerns about "potentially widespread violations of the federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations about continuing disclosures in bond offering documents."(1) Under the MCDC Initiative, the SEC requested municipal securities issuers and underwriters to self-report material false certifications of compliance in bond offering documents.

While the deadline to self-report has passed, we expect the increased scrutiny on municipal securities to continue. The SEC has indicated that no issuer is too small to be involved in an enforcement action. Fines and penalties for violations uncovered after the deadline for self-reporting may be significant. Because your organization issues public debt, we recommend that you take a close look at your policies and procedures to ensure that you are in compliance with what is required.

In addition to the increased focus on official reporting requirements, issuers should also be aware that the SEC has been reviewing public statements made by government officials during its investigations. Following are selections from investigation report release no. 69516, which explain the SEC’s views on this topic:

“Public officials should be mindful that their public statements, whether written or oral, may affect the total mix of information available to investors, and should understand that these public statements, if they are materially misleading or omit material information, can lead to potential liability under the antifraud provisions of the federal securities laws.”

“Investors may be more likely to rely upon statements from public officials where written undertakings made pursuant to Rule 15c2-12 have not been fulfilled and required continuing disclosures are not available through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system.”

“In this Report, the term “public official” means elected officials, appointed officials, and employees, or their functional equivalents, of any State, municipality, political subdivision or any agency of instrumentality thereof.”

We recommend that your debt policies and procedures incorporate adequate training to ensure that all public officials understand their specific responsibilities in this area.

(1) SEC website, Division of Enforcement
REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE
To the Mayor and City Council
City of Wheaton
Wheaton, Illinois

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

We have completed our audit of the financial statements of City of Wheaton for the year ended April 30, 2015, and have issued our report thereon dated October 16, 2015. This letter presents communications required by our professional standards.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

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. 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 City Council of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

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 the Required Communication to Those Charged with Governance and Management report dated October 24, 2014.
To the Mayor and City Council  
City of Wheaton  

**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 the City are described in Note I to the financial statements. As described in Note I to the financial statements, the City of Wheaton changed accounting policies related to financial reporting for pension plans by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25* in 2014. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy has always been used. We noted no transactions entered into by the City of Wheaton 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:

- Depreciation expense
- Allowance for doubtful accounts
- Insurance claims payable

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

Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually, or in the aggregate, to the financial statements taken as a whole.
To the Mayor and City Council  
City of Wheaton

**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, similar to obtaining a “second opinion” on certain situations. 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 the City of Wheaton that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the City of Wheaton for the year ended April 30, 2015, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the City of Wheaton in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the City of Wheaton other than the audit of the current year’s financial statements and non-audit services which in our judgment do not impair our independence.

- Financial statement preparation
- Adjusting journal entries

None of these nonaudit services constitute an audit under generally accepted auditing standards.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Wheaton’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
To the Mayor and City Council  
City of Wheaton

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 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 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 report is intended solely for the information and use of the City Council and management and is not intended to be, and should not be, used by anyone other than the 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.

Anthony Volpe, CPA  
Oak Brook, Illinois  
October 16, 2011
October 16, 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 the City of Wheaton as of April 30, 2015 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheaton 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 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.

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

8. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.

9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

10. Guarantees, whether written or oral, under which the City 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.
   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 City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. We have not completed an 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. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21. 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.

22. 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.

23. 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

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

24. The City of Wheaton 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. The City of Wheaton 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 the component unit. The City has no joint ventures or 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. The City of Wheaton 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. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, 
depreciated/amortized. Any known impairments have been recorded and disclosed.

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

38. We have appropriately disclosed the City of Wheaton'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.

39. 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.

40. 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.
41. We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment benefits liability, the police and fire pension funds, and the police and fire actuarial reports 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.

Sincerely,

City of Wheaton

Signed: Donald Rose, City Manager

Signed: Robert Lehnhardt, Director Finance