



July 28, 2016

To the Board of Trustees
DeKalb Township
DeKalb, IL

Dear Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of DeKalb Township (the "Township") for the year ended March 31, 2016, and have issued our report thereon dated July 28, 2016. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated February 25, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Required Supplementary Information Accompanying Audited Financial Statements

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF, which are 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.

Supplementary Information Accompanying Audited Financial Statements

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, 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Eric Johnson, in our meeting about planning matters on June 20, 2016, in addition to our engagement letter dated February 25, 2016, accepted by Eric Johnson.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit, except for adoption of GASB Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68" as described in Note 1 to the financial statements.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There were no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

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 management's expectations. The most sensitive estimates affecting the financial statements are the useful lives in calculating accumulated depreciation.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached listing of adjusting journal entries were misstatements noted during our audit and were corrected by management.

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. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2016, a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Township's financial statements or on the type of opinion which may be rendered on the financial statements.

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 Township's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Township as of and for the year ended March 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

We consider the following deficiencies in internal control to be significant deficiencies:

Condition – Preparation of Financial Report:

The Township's internal control over financial reporting does not end at the general ledger, but extends to the financial statements. The Township engaged Wipfli to draft the financial statements and accompanying notes. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make decisions regarding the Township's internal control structure based on cost and other considerations. Based on current auditing standards, because the Township relies on Wipfli to prepare the financial statements and accompanying notes, a significant deficiency exists in the Township's internal controls.

Potential Effect:

The completeness of the financial statement disclosure and the accuracy of the overall financial presentation are negatively impacted as outside auditors do not have the same comprehensive understanding of the Township as its internal financial staff.

Condition – General Ledger Segregation of Duties:

The size of the Township's staff in charge of accounting and reporting functions indicates a lack of segregation of duties over; general ledger accounting, expense transaction record keeping, revenue and cash receipt and disbursement transaction record keeping and monthly financial statement preparation. The basic premise is that no one individual should have access to both physical assets and related accounting records or to all phases of a transaction.

Potential Effect:

Without adequate segregation of duties, the likelihood of unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

We appreciate the opportunity to be of service to DeKalb Township.

This letter is intended solely for the information and use of management, Board of Trustees, others within the Township, and State of Illinois and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

DeKalb Township

Year End: March 31, 2016

Adjusting Journal Entries

Date: 4/1/2015 To 3/31/2016

Prepared by	Reviewed by	Reviewed by	Reviewed by
RAF 6/20/2016	BMA 6/29/2016		

AJE

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	3/31/2016	Fund Balance	1.291 GF			2,241.00			
1	3/31/2016	Fund Balance	2.291 GAF			4,465.00			
1	3/31/2016	Fund Balance	6.291 RABF			4,707.00			
1	3/31/2016	Utilities	1.11.569 GF				2,241.00		
1	3/31/2016	BUILDING MAINTENANCE & SUPPLIES	2.11.613 GAF				4,465.00		
1	3/31/2016	Building Maintenance	6.12.511 RABF				620.00		
1	3/31/2016	Equipment-Repair/Parts/Maintenance	6.12.512 RABF				4,087.00		
To reverse accounts payable									
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2	3/31/2016	Fund Balance	1.291 GF			2,606.00			
2	3/31/2016	Fund Balance	2.291 GAF			1,649.00			
2	3/31/2016	Fund Balance	6.291 RABF			292.00			
2	3/31/2016	Fund Balance	7.291 PRF			1,712.00			
2	3/31/2016	Salaries-(s,rc,a,t,c,os)	1.11.431 GF				2,606.00		
2	3/31/2016	Salaries	2.11.511 GAF				1,649.00		
2	3/31/2016	Salary-Secretary	6.11.522 RABF				292.00		
2	3/31/2016	Salaries-Road Crew	7.11.501 PRF				1,712.00		
To reverse accrued payroll									
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3	3/31/2016	CWA-NB&T	1.114 GF			200.00			
3	3/31/2016	Fund Balance	1.291 GF				200.00		
3	3/31/2016	CWA-NB&T	2.114 GAF			100.00			
3	3/31/2016	Fund Balance	2.291 GAF				100.00		
3	3/31/2016	CWA-NB&T	6.114 RABF			100.00			
3	3/31/2016	Fund Balance	6.291 RABF				100.00		
3	3/31/2016	CWA-NB&T	7.114 PRF			100.00			
3	3/31/2016	Fund Balance	7.291 PRF				100.00		
3	3/31/2016	CWA-NB&T	8.114 BAEF			100.00			
3	3/31/2016	Fund Balance	8.291 BAEF				100.00		
3	3/31/2016	CWA-NB&T	9.114 SBF			100.00			
3	3/31/2016	Fund Balance	9.291 SBF				100.00		
To record amounts in check clearing bank account									
<hr/>									
4	3/31/2016	ACCOUNTS RECEIVABLE	1.118 GF			717,206.00			
4	3/31/2016	DEFERRED PROP TAX REV	1.222 GF				717,206.00		
4	3/31/2016	ACCOUNTS RECEIVABLE	2.118 GAF			221,345.00			
4	3/31/2016	DEFERRED PROP TAX REV	2.222 GAF				221,345.00		
4	3/31/2016	ACCOUNTS RECEIVABLE	6.118 RABF			285,964.00			
4	3/31/2016	DEFERRED PROP TAX REV	6.222 RABF				285,964.00		
4	3/31/2016	ACCOUNTS RECEIVABLE	7.118 PRF			703,231.00			
4	3/31/2016	DEFERRED PROP TAX REV	7.222 PRF				703,231.00		
4	3/31/2016	ACCOUNTS RECEIVABLE	8.118 BAEF			110,828.00			
4	3/31/2016	DEFERRED PROP TAX REV	8.222 BAEF				110,828.00		
To record property taxes receivable									
Recurring									
<hr/>									
5	3/31/2016	MOTOR FUEL TAX RECEIVABLE	7.122 PRF			143,221.00			
5	3/31/2016	DEFERRD REVENUE MOTOR FUEL TAX	7.223 PRF				143,221.00		
To record MFT receivable									
Recurring									
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6	3/31/2016	ACCRUED PAYROLL	1.202 GF				2,807.00		
6	3/31/2016	ACCRUED PAYROLL	2.202 GAF				1,705.00		
6	3/31/2016	ACCRUED PAYROLL	6.202 RABF				292.00		
6	3/31/2016	ACCRUED PAYROLL	7.202 PRF				1,755.00		
6	3/31/2016	Salaries-(s,rc,a,t,c,os)	1.11.431 GF			2,807.00			
6	3/31/2016	Salaries	2.11.511 GAF				1,705.00		
6	3/31/2016	Salary-Secretary	6.11.522 RABF				292.00		
6	3/31/2016	Salaries-Road Crew	7.11.501 PRF				1,755.00		
To record accrued payroll									

DeKalb Township

Year End: March 31, 2016

Adjusting Journal Entries

Date: 4/1/2015 To 3/31/2016

Prepared by	Reviewed by	Reviewed by	Reviewed by
RAF 6/20/2016	BMA 6/29/2016		

AJE-1

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
7	3/31/2016	ACCOUNTS PAYABLE	1.201 GF				3,700.00		
7	3/31/2016	Software Licensing	1.12.551 GF			3,200.00			
7	3/31/2016	Property Online	1.12.817 GF			500.00			
		To record accounts payable							
8	3/31/2016	Miscellaneous	8.389 BAEF			70,000.00			
8	3/31/2016	Sale of fixed assets	8.390 BAEF				70,000.00		
		To reclassify sale of asset recorded in expense account							
						2,280,426.00	2,280,426.00		
			Net Income (Loss)			186,978.00			

GOVERNMENTAL AUDIT REPRESENTATION LETTER

July 28, 2016

Wipfli LLP
4949 Harrison Ave, Suite 300
Rockford, IL 61108

This representation letter is provided in connection with your audit of the financial statements of DeKalb Township which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of March 31, 2016, and the respective changes in financial position for the year then ended, and the related notes to financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (GAAP).

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 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, as of the date of this letter, 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 dated February 25, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in accordance with GAAP and include all properly classified funds and other financial information of the primary government and all component units required by GAAP 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. 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 GAAP.

6. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
7. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
9. Material concentrations, if any, have been properly disclosed in accordance with GAAP.
10. Guarantees, whether written or oral, under which the Township is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.

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 records, 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 Township from who you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of DeKalb Township Board or summaries of actions of recent meetings for which minutes have not yet prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of 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 affecting the Township involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - 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 Township's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of 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. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.
18. We have disclosed to you the identity of the Township's related parties and all the related party relationships and transactions of which we are aware.
19. We have made available to you all financial records and related data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have 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 the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determinations of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and 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 noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
29. The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged as collateral.

30. The Township has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. 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.
32. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
33. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 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 users.
34. 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.
35. 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.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
39. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the Township'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 is available and have determined that net position is properly recognized under the policy.
41. The Township has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
42. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Township vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

Sincerely,

DeKalb Township

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Signature of Supervisor