

October 16, 2015

To the City Council
City of Sycamore
Sycamore, Illinois

Dear City Council:

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sycamore (the "City") for the year ended April 30, 2015, and have issued our report thereon dated October 16, 2015. 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 and Government Auditing Standards

As stated in our engagement letter dated November 4, 2014, 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 City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

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.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We are not aware of any documents or other information containing audited financial statements, and furthermore management has not requested us to devote attention to any documents containing audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representatives, Brian Gregory and Adam Orton, in our meeting about planning matters on May 18, 2015 in addition to our engagement letter dated November 4, 2014, accepted by Brian Gregory.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City 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 No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*.

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 useful lives for fixed assets.
- Actuarial determinations for IMRF, OPEB, and Police and Fire Pensions.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are as follows:

The disclosures of Pension Plan and Other Post-Employment Benefits in Note 13 and 14 to the financial statements due to the actuarial determinations and estimates based on that.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, see attached adjusting journal entries. 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.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2015, 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 City'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 City'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 City of Sycamore (the "City") as of and for the year ended April 30, 2015, in accordance with auditing standards generally accepted in the United States, we considered the City of Sycamore's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 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 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 internal control to be significant deficiency:

Segregation of Duties of the Component Unit Library

Status:

The Library does not currently have adequate internal control procedures because of inadequate segregation of duties. A good system of internal control procedures contemplates adequate segregation of duties so that no one individual can handle a transaction from its inception to its completion.

Effect:

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

Recommendation:

While we also recognize that ultimate controls cannot be implemented with your current number of employees, we believe that strong supervision and review by the City Council and Library Board will compensate for some of these weaknesses. Therefore, it is important that you recognize that regular and active involvement by the City Council and Library Board as a whole is an integral and critical area within the Library's system of internal control.

City Council
City of Sycamore
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October 16, 2015

We appreciate the opportunity to be of service to the City of Sycamore.

This communication is intended solely for the information and use of management, the City Council, and others within the City, and includes a description of the scope of our testing of internal control over financial reporting and the results of that testing. The communication related to considering the City's internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

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

Wipfli LLP

Enc.

City Of Sycamore
Year End: April 30, 2015
Adjusting Journal Entries
Date: 5/1/2014 To 4/30/2015
Account No: 1 To 99

AJE

Prepared by ADT 8/12/2015	Reviewed by DBR 8/13/2015	Reviewed by
Reviewed by	Reviewed by	

Number	Date	Name	Account No	Debit	Credit
1	4/30/2015	GARBAGE RECEIVABLE-UNBILLED	01-000-1252 01	3,907	
1	4/30/2015	USER FEES	02-000-3245 02	694	
1	4/30/2015	A/R-SEWER USER FEES-UNBILLED	04-000-1212 04	22,601	
1	4/30/2015	TRASH REMOVAL	01-000-3714 01		3,907
1	4/30/2015	A/R-WATER USER FEES-UNBILLED	02-000-1212 02		694
1	4/30/2015	USER FEES	04-000-3245 04		22,601
To adjust unbilled garbage, water and sewer billings					
2	4/30/2015	IMRF	02-740-8173 02	839	
2	4/30/2015	IMRF	04-750-8173 04	839	
2	4/30/2015	NOTES PAYABLE	02-000-2220 02		839
2	4/30/2015	NOTES PAYABLE	04-000-2500 04		839
To adjust IMRF Liability to actual					
3	4/30/2015	OPEB, NONCURENT	02-000-2215 02	820	
3	4/30/2015	OPEB, NONCURENT	04-000-2215 04	819	
3	4/30/2015	HEALTH INSURANCE PREMIUM	02-741-8474 02		820
3	4/30/2015	HEALTH INSURANCE PREMIUM	04-750-8474 04		819
To adjust OPEB for W&S					
4	4/30/2015	DEBT SERVICE-INTEREST	18-000-8412 18	441	
4	4/30/2015	DEBT SERVICE-PRINCIPAL	18-000-8411 18		441
To adjust interest expense for principal payments to agree to PY balance					
6	4/30/2015	ACCOUNTS PAYABLE	05-000-2110 05	58,773	
6	4/30/2015	ACCOUNTS PAYABLE	05-000-2110 05	13,018	
6	4/30/2015	ACCOUNTS PAYABLE	03-000-2110 03	156,209	
6	4/30/2015	ARCH/ENGIN SERVICES	05-000-8331 05		58,773
6	4/30/2015	ARCH/ENGIN SERVICES	05-000-8331 05		13,018
6	4/30/2015	NEW CONSTR--BLDGS/GROUNDS	03-000-8626 03		156,209
To reverse prior year AP to actual entry.					
8	4/30/2015	DEPRECIATION EXPENSE	02-741-8900 02	341,702	
8	4/30/2015	WATER SYSTEM R&M	02-741-8328 02	3,500	
8	4/30/2015	INFRASTRUCTURE CIP	02-000-1405 02		3,500
8	4/30/2015	ACCUMULATED DEPREIATION	02-000-1310 02		341,702
To record depreciation and adjust					

City Of Sycamore
Year End: April 30, 2015
Adjusting Journal Entries
Date: 5/1/2014 To 4/30/2015
Account No: 1 To 99

AJE-1

Prepared by ADT 8/12/2015	Reviewed by DBR 8/13/2015	Reviewed by
Reviewed by	Reviewed by	

Number	Date	Name	Account No	Debit	Credit
CIP to zero					
9	4/30/2015	DEPRECIATION EXPENSE	04-752-8900 04	394,004	
9	4/30/2015	VEHICLES	04-000-1306 04	17,683	
9	4/30/2015	VEHICLES	04-000-1305 04	53,676	
9	4/30/2015	ACCUMULATED DEPREDIATION	04-000-1310 04		394,004
9	4/30/2015	TREATMENT PLANT EQUIPMENT	04-751-8234 04		10,700
9	4/30/2015	EQUIPMENT,R&M	04-751-8310 04		6,983
9	4/30/2015	VEHICLES	04-751-8521 04		26,838
9	4/30/2015	VEHICLES	04-752-8521 04		26,838
To record fixed asset additions and depreciation					
10	4/30/2015	HERON CREEK CTRY ESCROW ACCT	37-000-2288 37	15,796	
10	4/30/2015	ESCROW PYMT HERON CREEK ESTATES	37-000-3718.1 37		15,796
Client prepared entry to remove escrow balance due to develop					
11	4/30/2015	COMPENSATED ABSENCES CURRENT	02-000-2200 02	2,043	
11	4/30/2015	COMPENSATED ABSENCES, NONCUREN	02-000-2210 02	9,975	
11	4/30/2015	SALARIES--REGULAR	04-751-8101 04	41,490	
11	4/30/2015	SALARIES--REGULAR	02-741-8101 02		12,018
11	4/30/2015	COMPENSATED ABSENCES CURRENT	04-000-2200 04		7,053
11	4/30/2015	COMPENSATED ABSENCE, NONCURREN	04-000-2210 04		34,437
To adjust compensated absences accruals to actual					
12	4/30/2015	STREET IMPROV-MAINTENANCE	30-000-8637 30	54,918	
12	4/30/2015	ACCOUNTS PAYABLE	30-000-2110 30		54,918
Client prepared entry to set up up A/P for resurfacing project					
13	4/30/2015	CASH-MFT CHECKING (COMMINGLED)	07-000-1111 07	4,931	
13	4/30/2015	STREET R&M	01-731-8319 01	4,931	
13	4/30/2015	STREET R&M	07-000-8316 07		4,931
13	4/30/2015	CASH IN BANK (COMMINGLED)	01-000-1111 01		4,931
Client prepared entry to reclass road salt expenditure					
				1,203,609	1,203,609
Net Income (Loss)			2,450,119		



Ken Mundy
Mayor

Candy Smith
City Clerk

Brian Gregory
City Manager

October 16, 2015

Wipfli LLP
4949 Harrison Ave., Suite 300
Rockford, IL 61125

This representation letter is provided in connection with your audit of the financial statements of the City of Sycamore as of April 30, 2015, and for the year then ended was made for the purpose of expressing opinions 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sycamore and the respective changes in financial position and cash flows, where applicable, and the related notes to financial statements, in conformity 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 November 4, 2014.
2. The financial statements referred to above are fairly presented in conformity 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. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
11. Material concentrations, if any, have been properly disclosed in accordance with GAAP.
12. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.

Information Provided

13. 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 City from who 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 prepared.
14. We have no knowledge of any fraud or suspected fraud affecting the entity 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 City's financial statements communicated by employees, former employees, regulators, or others.


16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. 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.
18. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
19. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
21. We have made available to you all financial records and related data.
22. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. 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.
24. Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
25. Provisions for uncollectible receivables have been properly identified and recorded.
26. 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 we have identified and disclosed to you all 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.
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. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
30. The City 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.

31. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
33. 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.
34. The financial statements properly classify all funds and activities.
35. All funds that meet the qualitative 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.
36. 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.
37. 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.
38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
40. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
41. We have appropriately disclosed the City'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 assets are available and have determined that net assets were properly recognized under the policy.
42. The City 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.
43. 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 City vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
44. 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.


45. We acknowledge our responsibility for presenting the supplementary information, as stated in the table of contents of the financial statements, in accordance with GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP. The methods of measurement and presentation of the supplementary information 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. If the supplementary information 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.

Sincerely,

CITY OF SYCAMORE



Signature of City Manager



Signature of City Treasurer