

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

October 22, 2020

Members of the Board of Trustees  
Fox Metro Water Reclamation District  
682 Route 31  
Oswego, Illinois 60543

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on May 31, 2020.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the District, are enclosed within this document.

This information is intended solely for the use of the President, Board of Trustees and management of the Fox Metro Water Reclamation District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Sikich LLP*

Sikich LLP  
By: James R. Savio, CPA, MAS  
Partner

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

October 22, 2020

Members of the Board of Trustees  
Fox Metro Water Reclamation District  
Oswego, Illinois

We have audited the basic financial statements of the Fox Metro Water Reclamation District (the District) for the year ended May 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District 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 year ended May 31, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

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. We noted the pension and OPEB actuarial valuations as particularly sensitive estimates made by management during our audit of the financial statements.

Management's estimate of the District's net pension liability and total other postemployment benefit liability are based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, discount rates, healthcare trend rates, and mortality rates. We evaluated key factors and assumptions used to develop the management's estimates of the District's net pension liabilities and total other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

## **Difficulties Encountered in Performing the Audit**

We encountered no significant 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected any such misstatements. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for AJE03.

## **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 22, 2020.

## **Management 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 District's financial statements or a determination of the type of auditor's 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.

## **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 District'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 management's discussion and analysis and the required supplementary information, 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.

We were engaged to report on the supplemental schedules, which accompany the basic financial statements but are not RSI. With respect to this 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the other supplementary information, which accompany the basic 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 Board of Trustees and management of the Fox Metro Water Reclamation District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the District. If you have any questions regarding the purpose of this letter or the requirement mentioned, please contact us.

Sincerely,

*Sikich LLP*

Sikich LLP

By: James R. Savio, CPA, MAS

Partner