

GLENBROOK HIGH SCHOOLS
Office of the Assistant Superintendent for Business/CSBO
Regular Meeting Monday, December 15, 2014

TO: Dr. Michael Riggle

FROM: Hillarie Siena

DATE: December 15, 2014

RE: Acceptance of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2014

It is recommended that the Board of Education:

Accept the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014 as prepared by Miller, Cooper & Co., Ltd.

Background

The CAFR is a thorough and detailed presentation of the district's financial condition. The report is presented in three sections: Introductory, Financial and Statistical. The Introductory section contains a transmittal letter written by management, which contains information relevant to the district's position within the community. The Financial section begins with the independent auditor's report and contains the Management's Discussion and Analysis (MD&A), financial statements, notes to the financial statements, required supplementary information and schedules. The MD&A presents a two-year comparison of summary financial data. The Statistical section completes the report, containing historical data relevant to the district's overall financial condition.

While there is no requirement that the Board of Education approve the CAFR, it has been past practice in the district to have the Board accept the financial information contained in the CAFR, as presented.

It should be noted that the district was awarded the Association of School Business Officials International Certificate of Excellence in Financial Reporting award for the prior year CAFR, as well as the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting award. The district is in process of applying for these awards for the current year report. Attached, please find the Comprehensive Annual Financial Report for Northfield Township High School District 225, for the year ended June 30, 2014.

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

To the Board of Education of
Northfield Township High School District 225
Glenview, Illinois

We have audited the financial statements of Northfield Township High School District 225 (the "District") as of and for the year ended June 30, 2014, and have issued our report thereon dated December 10, 2014. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 4, 2014, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of the Single Audit Act, OMB Circular A-133, and OMB's *Compliance Supplement*. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. In accordance with *Government Auditing Standards*, we have also performed tests of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the District's internal control over financial reporting or on compliance and other matters.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation, appearing in the financial statement.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team; others in our firm, as appropriate; and our firm; have complied with all relevant ethical requirements regarding independence.

Management and the Board have acknowledged our role in providing requested non-audit services and has taken full responsibility for these non-audit services, as detailed in the engagement letter.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application, except for those described below, during the fiscal year ended June 30, 2014. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Policies Adopted in the Current Year

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, issued in April 2012, was effective for the District beginning with its year ended June 30, 2014. The objective of this Statement is to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement supplements GASB Concepts Statement No. 4, *Elements of Financial Statements*.

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, issued in March 2012, was effective for the District beginning with its year ended June 30, 2014. This Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No.10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for operating lease payments that vary from a straight-line basis, the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a currently (normal) servicing fee rate.

Qualitative Aspects of the District's Significant Accounting Practices (Continued)

Significant Accounting Policies which will be Applicable in Future Years

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans – An amendment of GASB Statement No. 27*, issued in June 2012, will be effective for the District beginning with its year ending June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued in January 2013, will be effective for the District beginning with its year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, issued in November 2013, will be effective for the District beginning with its year ending June 30, 2015. The objective of this Statement is to address an issue regarding application of *GASB Statement No. 68* regarding amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The District's management has not yet determined the effect that these Statements will have on the District's financial statements.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the collectability of receivables, the estimated useful lives of capital assets, self-insurance accruals, and other post-employment benefits. Included in the notes to the financial statements are the methodologies used by management to determine the estimates.

We evaluated the key factors and assumptions used to develop those estimates noted above and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Qualitative Aspects of the District's Significant Accounting Practices (Continued)

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to depreciation of capital assets, accruals related to self-insurance, and actuarial methods and assumptions regarding the Illinois Municipal Retirement Fund and Other Postemployment Benefit Plans.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected misstatements identified by us.

We assisted your personnel with non-audit services necessary for the preparation of the financial statements, including drafting of the financial statements and AFR, preparation of the Schedule of Expenditures of Federal Awards, assistance with the preparation of the Data Collection Form, assistance with modified accrual adjustments and GASB 34 entries, and filing the AFR with the Illinois State Board of Education.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the representation letter dated December 10, 2014.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

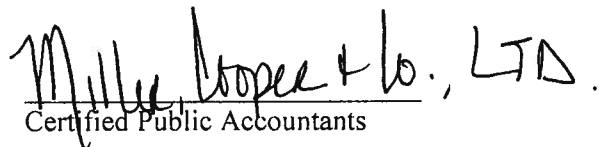
Other Significant Matters, Findings or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

An adverse opinion was issued on the Annual Financial Report filed with the Illinois State Board of Education. These financial statements use accounting practices prescribed by the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

MILLER, COOPER & CO., LTD.


Certified Public Accountants

Deerfield, Illinois
December 10, 2014