

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, 2013, and have issued our report thereon dated December 10, 2013. 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 9, 2013, 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. We are not aware of any deficiencies in internal control over financial reporting, however we did include recommendations noted during the audit in a separate letter to you dated December 10, 2013.

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. However, in accordance with such standards, we have:

Other Information in Documents Containing Audited Financial Statements (Continued)

Read the other information and considered whether such other information (as identified in Independent Auditors' Report (the last paragraph of "Other Information" section of the report for each of the two respective reports)) and its manner of presentation, was materially inconsistent with its presentation in the respective financial statements.

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 noted below, during the fiscal year ended June 30, 2013. 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. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, issued in November 2010, was effective for the District beginning with its year ended June 30, 2013. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations.

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

Significant Accounting Policies Adopted in the Current Year (Continued)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued in December 2010, was effective for the District beginning with its year ended June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011, will be effective for the District beginning with its year ended June 30, 2013. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Significant Accounting Policies which will be Applicable in Future Years

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued in April 2012, will be effective for the District beginning with its year ending 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, will be effective for the District beginning with its year ending 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 (Continued)

GASB Statement No. 67, *Financial Reporting for Pension Plans – An amendment of GASB Statement No. 25*, issued in June 2012, will be effective for the District beginning with its year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

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. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued in April 2013, will be effective for the District beginning with its year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

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 collectability of receivables, the estimated useful lives of capital assets, accruals related to self insurance, and other post employment liabilities.

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

Significant Accounting Estimates (Continued)

Management's estimate of the useful lives of capital assets is based on the historical experience of the District and other school districts.

Management's estimates affecting the other postemployment benefit obligation are based on information obtained from the third party actuary and discussions with other school districts.

Management's estimate of the self insurance accrual is based on information obtained from the District's third party claims administrator.

Management's estimate of the collectability of the receivables is based on historical experience of the District.

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.

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 other post employment liabilities.

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.

As an accounting service we assisted your personnel with accrual adjustments, drafting of the financial statements and single audit report, filing the AFR with ISBE, and completion of the data collection form at June 30, 3013.

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, 2013.

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, 2013