

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

To the Board of Education  
Community Unit School District 200  
Wheaton, Illinois

We have audited the financial statements of Community Unit School District 200 (“the District”) as of and for the year ended June 30, 2019, and have issued our report thereon dated November 6, 2019. Professional standards require that we advise you of the following matters related to the audit.

## **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As communicated in our engagement letter dated June 5, 2019, 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 accordance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 from 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 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. We are not aware of any documents that include the audited financial statements.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing that 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 of Education 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 during the fiscal year ended June 30, 2019. 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 which will be Applicable in Future Years*

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the District beginning with its year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 87, *Leases*, issued in June 2017, will be effective for the District beginning with its year ending June 30, 2021. The objective of this Statement is to improve the accounting and financial reporting for leases by governments. This statement will require recognition of certain lease assets, liabilities, and a deferred inflow of resources related to certain leases that were previously classified as operating leases.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the District beginning with its year ending June 30, 2020. The objective of this Statement is to improve information that is disclosed in the notes of government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its year ending June 30, 2021. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simply accounting for interest cost incurred before the end of a construction period.

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

### *Significant Accounting Policies which will be Applicable in Future Years (Continued)*

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its year ending June 30, 2020. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the District with its year ending June 30, 2022. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice.

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 assumptions used for pension liabilities and other postemployment benefits liabilities, on-behalf payment calculations for the Teachers' Retirement Fund of the State of Illinois (TRS) and the Teachers' Health Insurance Security Fund (THIS) and the valuation of investments. 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 and determined that they are 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 the financial statement users. The most sensitive disclosures affecting the District's financial statements relate to actuarial methods and assumptions regarding the Illinois Municipal Retirement Fund (IMRF) and the Teacher's Retirement Fund of the State of Illinois (TRS), other postemployment benefit (OPEB) liabilities, and the valuation of investments.

## **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, including disclosures, other than the following matter. The District expensed (rather than amortize the amount over the related bond life) the entire amount of deferred loss related to a bond refunding issuance during fiscal year 2019. This resulted in an understatement of deferred outflows and net position of \$260,587, and an overstatement of expense of \$260,587 on the government-wide financial statements. The District has chosen not to record this adjustment in the government-wide financial statements. The effects of this uncorrected misstatement, as determined by management, are immaterial, both individually and in the aggregate, to the government-wide financial statements taken as a whole.

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 at June 30, 2019.

### **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, which could be significant to the District's financial statements or the auditors' 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 November 6, 2019.

### **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.

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**Other Significant 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.

**Technology and Data Security Risk Assessment and Management**

Technology continues to transform business. But technology is not only changing business, it is changing who and what has access, custody and control over information. Therefore, companies need to evolve in the ways that they manage technology and data security. While there is no way to prevent all data breaches, phishing scams or other risks, the District can mitigate its risks with a thorough understanding of data security, privacy, and protection of its information technology. We recommend management evaluates its data security risk plan on a periodic basis (at least annually) to ensure it addresses all the risks associated with a rapidly changing environment and should ensure management's plan incorporates the following items (which is not an exhaustive list):

- Risk assessment
- A written policy
- Effective screenings of employees, vendors and business partners
- Insurance
- Red flags
- Training of employees
- Plan for responding to a breach notification
- Carefully integrating new technologies
- New legislation and regulation which may impact your industry

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This communication 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  
November 6, 2019