

Plainfield Community Consolidated District No. 202

Required Communication Letters

Year Ended June 30, 2018

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Plainfield Community Consolidated School District No. 202
Plainfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plainfield Community Consolidated School District No. 202 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 *material weakness* is a deficiency, or a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Klein Hall CPAs". The signature is written in a cursive, flowing style.

Klein Hall CPAs
Aurora, Illinois
September 1, 2018



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Communication with Those Charged with Governance

September 1, 2018

Board of Education
Plainfield Community Consolidated School District No. 202
15732 Howard Street
Plainfield, Illinois 60544

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plainfield Community Consolidated School District No. 202 for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and Uniform Grant Guidance, 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 January 11, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Plainfield Community Consolidated School District No. 202 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 2018. We noted no transactions entered into by Plainfield Community Consolidated School District No. 202 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 estimate affecting the District's financial statements was:

Management's estimate of the self-insurance claims payable is based on actual claims experience and estimates provided by the third party administrator. We evaluated the key factors and assumptions used to develop the claims payable 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 all such misstatements. 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 each opinion unit's 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 September 1, 2018.

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 Plainfield Community Consolidated School District No. 202'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 Plainfield Community Consolidated School District No. 202'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 the required supplementary information listed in the table of contents, 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 combining and individual fund financial statements and schedules, which accompany the 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 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.

We were not engaged to report on the other supplementary schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Board of Education and management of Plainfield Community Consolidated School District No. 202 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Klein Hall CPAs". The letters are fluid and connected, with a prominent 'K' and 'H'.

Klein, Hall CPAs
Aurora, Illinois



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Management Letter

Board of Education
Plainfield Community Consolidated School District No. 202
Plainfield, Illinois

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plainfield Community Consolidated School District No. 202 as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Plainfield Community Consolidated School District No. 202's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plainfield Community Consolidated School District No. 202's internal control. Accordingly, we do not express an opinion on the effectiveness of Plainfield Community Consolidated School District No. 202's internal control.

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 material weakness is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Additionally, we wish to make the following recommendations for improvement:

Student Activity Funds

As a result of our testing of student activity funds, we noted the following recommendations for improvement:

- The District's vendor approval process should be extended to all vendors paid from activity funds.
- We recommend centralizing all activity funds in the business office to ensure the internal controls are applied consistently and thoroughly, and that finance officials are approving transactions prior to issuing checks. We would like to commend the District on the progress that has been made in this area during the fiscal year, and would encourage the District to continue with this process.
- Several activity fund bank accounts have uncleared checks that are older than one year. We recommend the District review the uncleared checks for all accounts (including non-activity funds) to ensure timely follow up and compliance with State unclaimed property statutes.

Petty Cash

During our site visits, we noted that at one of the District schools, lost and found money is placed in the petty cash box. We recommend that going forward, any lost and found money be added to the student activity fund.

Purchasing Cards

The District is not applying controls over the usage of purchasing cards consistently. District policy requires all restaurant receipts to be itemized, and that all purchases need to be accompanied by an original receipt/invoice. We noted some exceptions during our testing of purchasing card transactions. We noted a significant improvement in controls over usage of purchasing cards over the prior fiscal year.

Grant Expenditure Reports

We recommend the District take steps to ensure that all expenditure reports are submitted to granting agencies in a timely manner. During our audit, we noted that several federal and state grant expenditure reports were remitted late. We recommend that the grant training guide be made available to all grant staff, and that grant expenditure report submission deadlines are communicated clearly to all staff members responsible for this. Additionally, we recommend that the District retain confirmation that expenditure reports have been accepted by ISBE, and one individual be responsible for ensuring that all reports have been submitted and accepted prior to the deadline.

Grant Spending

During our audit, we noted that the District has not been spending down the full amounts of their grant awards. Our estimate of unspent grant funds as of June 30, 2018 is approximately \$1,500,000. Historically, the grant funds unspent at the end of the program year roll forward to the following program year. This year however, \$200,000 was lost due to the amount of carryover exceeding fifteen percent allowable for Title I. When grant funds are significantly underspent, there is a risk that future grant funding will be reduced. Additionally, grant funds must be expended for the period in which the funds are allocated. They are not to be used to purchase items for the next fiscal year. We strongly recommend that the District attempt to spend all grant funds received in the current program year for the current program year.

Positive Attributes

Although the general purpose of this letter is to cover only matters needing consideration, we believe it is also important to point out that there are many positive attributes of the District's financial management systems, which are not specifically covered herein.

We would like to take this opportunity to thank the District and their personnel for the cooperation and courtesies extended to us during our audit.

This communication is intended solely for the information and use of management, the Board of Education, and others within Plainfield Community Consolidated School District No. 202, and is not intended to be, and should not be, used by anyone other than these specified parties.



Klein Hall CPAs
Aurora, Illinois
September 1, 2018