

ATTACHMENT NO. XI-C

ATTACHMENT NO. XI-C: Presentation and Acceptance of 2017-2018 Audit Report

Potential motion: Move to accept the 2017-2018 audit report.

Recommended action: Approve the motion

As presented by Gorenz and Associates, it is recommended that the Board accept the 2017-2018 Audit Report.

Gorenz and Associates, Ltd.

Certified Public Accountants

Thomas R. Pepper, CPA | Tim C. Custis, CPA | Stephanie K. Ramsay, CPA | Russell J. Rumbold II, CPA | Jason A. Hobulin, CPA

Communication with Those Charged with Governance

To the Board of Education
North Boone Community Unit School District No. 200
Poplar Grove, Illinois

We have audited the basic financial statements (regulatory basis) of North Boone Community Unit School District No. 200 for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated August 17, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by North Boone Community Unit School District No. 200 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. We noted no transactions entered into by the governmental unit 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 District prepares their financial statements using the cash basis of accounting, and while some estimates are used to prepare the notes to financial statements, there are no estimates that we believe would cause a significant variance in the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of Pension Disclosures in Note #6 and the Other Post-Employment Benefits in Note #7 to the financial statements because they are subject to actuarial methods and assumptions. 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 the 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 December 11, 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 the governmental unit'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 governmental unit'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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the basis of accounting as described in Note #1 of the financial statements, 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.

The District does not have a complete up-to-date detail of its fixed assets reflecting purchase dates, original costs and location information. Detailed fixed asset records would benefit the District in connection with the safeguarding of these assets by maintaining an inventory of furniture and equipment, provide more adequate cost information for insurance coverage and allow improved planning for capital additions for the replacement and upgrading of assets.

The District is not consistently reviewing the bank reconciliation or ending balances of the activity accounts monthly. We recommend that Management and the Board review, at a minimum, all activity fund bank reconciliations and ending balances on a monthly basis.

The District did not always have appropriate documentation and review of credit card purchases, including purchase orders and invoices. We recommend the District require purchase orders prior to any transaction and that invoices be required for all transactions before making a credit card payments.

The District does not obtain appropriate documentation of cash received at athletic events. We recommend that the district implement a tally sheet or ticket procedure for every athletic event. This would also include an internal control program consisting of the appropriate signatures and approvals of the individuals involved at each event.

Restrictions on Use

This information is intended solely for the information and use of the Board of Education and management of North Boone Community Unit School District No. 200 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gorenz and Associates, Ltd.

Peoria, Illinois
December 11, 2018