

**SPEED S.E.J.A. #802**  
1125 Division Street  
Chicago Heights, Illinois 60411-2491



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TO: Mrs. Sharon Rossiter, Superintendent  
FROM: Kevin Slattery, Director of Business and Finance *KS*  
DATE: April 18, 2016  
RE: FY16 Audit

I would like to recommend Legacy Professionals LLP to conduct the annual A133 Audit.

Please see the attached document that outlines the services included for the FY16 Audit.

March 25, 2016

Board of Governors  
S.E.J.A. #802  
1125 Division Street  
Chicago Heights, IL 60411

We are pleased to confirm our understanding of the services we are to provide Speed S.E.J.A. #802 for the year ending June 30, 2016.

### **Annual Financial Report**

You have requested that we audit the Joint Agreement's financial statements as listed in the table of contents of the Annual Financial Report (AFR) as of and for the fiscal year ending June 30, 2016. Such financial statements will be issued to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Supplementary information that accompanies Speed S.E.J.A. #802's financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards (if applicable).
2. Other supplementary schedules as required by the Illinois State Board of Education
3. Other schedules that might be added to the AFRs in each of the audit years.

Certain other information that accompanies your financial statements will be subjected to limited procedures consisting principally of confirming information with IMRF, 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following information accompanying the Annual Financial Report is required by the Illinois State Board of Education, but will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information.

1. Report on Shared Services or Outsourcing
2. Current year budget information included in the Administrative Cost Worksheet
3. Other new information that may be required by the Illinois State Board of Education, which will be specified in the Independent Auditors' Report

### **Regulatory Basis Financial Statements - separate report**

The Joint Agreement will also receive a separate financial statement report on the regulatory basis of accounting (which includes the same basic financial statements and footnote information included in the AFR).

We will also perform the following services in conjunction with our audit:

1. Prepare the SELF/CLIC (or other insurance) audit form for the year ending June 30, 2016 (if applicable).
2. Audit of the Joint Agreement's Imprest and Activity Funds.

### **Objective of the Audit**

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting (which is a comprehensive basis of accounting other than generally accepted accounting principles) and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole.

The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- If a Single Audit is required, internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and if a Single Audit is required, the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. Our reports will be addressed to the Board of Governors of Speed S.E.J.A. #802.

- We will express an adverse opinion on the financial statements due to the regulatory basis of accounting required by the Illinois State Board of Education.

We cannot provide assurance that, except for the items above, unmodified opinions will be expressed. Additional circumstances may arise in which it necessary for us to further modify our opinions or add emphasis-of-matter or other-matter paragraphs. Except for the two items noted above, if our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report, or may withdraw from the engagement.

### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards, federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by general accepted auditing standards.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from

(1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit (if applicable). Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards, federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by general accepted auditing standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Management Responsibilities**

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding

and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements and for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or

suspected fraud or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (b) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with the regulatory and/or modified cash basis of accounting. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the supplementary information in accordance with the regulatory and/or modified cash basis of accounting; (b) that you believe the supplementary information, including its form and content, is fairly presented in accordance with the regulatory and/or modified cash basis of accounting; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits, or other engagements or studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as

well as your planned corrective actions, for the report, and for the timing and format for providing that information.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133 (if applicable), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and if applicable, OMB Circular A-133.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Joint Agreement's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Joint Agreement's major programs. The purpose of these procedures will be to express an opinion on the Joint Agreement's compliance with requirements



applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

### **Nonattest Services We Will Perform**

You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

This engagement does not include our commitment to prepare or review any payroll tax returns, any income tax returns, or any other federal or state information returns.

### **Other Nonattest Services We will Provide**

In addition to the audit services described above, we will perform the following additional services:

- Preparation of financial statements (including Annual Financial Report), including appropriate footnote disclosures, and supplementary information.
- Propose adjusting journal entries to be reviewed and approved by management. These adjustments have historically included:
  - Recording of property and equipment
  - Elimination of negative cash balances
  - Recording reservation in fund balances
  - Recording beginning fund balance
  - Reclassifying revenue as necessary to comply with Annual Financial Report
  - Reclassifying account balances for invalid Annual Financial Report accounts
  - Recording Activity fund assets and liability
  - Recording of on-behalf receipts and disbursements
- If a Single Audit is required, we will assist the Joint Agreement in preparing its Schedule of Expenditures of Federal Awards (SEFA).
- One close-out meeting with the business manager and/or superintendent at the end of field work prior to drafting reports.
- Attendance at one meeting of the Finance Committee or Board of Governors to present the results of our audit, if requested. A maximum one hour of meeting time is included in our audit fee. This hour begins promptly upon our arrival at the meeting site. Additional time or extra meetings will be billed at our standard hourly rates.

- At the conclusion of the engagement (if a Single Audit was performed), we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan, along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

Although our firm has the capabilities to perform many other types of engagements involving accounting, auditing, planning and consulting, this engagement does not include our commitment to perform any additional services other than those described above. Should you wish to receive additional services, we would be delighted to discuss them with you and enter into a separate arrangement to provide those services.

The audit documentation for this engagement is the property of Legacy Professionals LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Illinois State Board of Education (ISBE) or its designee, a federal agency providing direct or indirect funding, or the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Legacy Professionals LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditors' report is issued or for any additional period requested by the ISBE or Federal awarding agency or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

## **Fees**

### **Standard Services**

Our fee for these services for the year ending June 30, 2016 will be as follows:

- Audit of the Imprest and Activity funds will be \$2,500.
- The audit of major federal grant programs and completion of the Annual Federal Financial compliance Section, Form ISBE 62-18 will be \$6,600 for a maximum of 1 major program. If additional programs are determined to be major, the audit of those programs will be charged at \$2,000 each.
- Fees for the audit of the financial statements are normally charged directly to the Bloom Township School Treasurer, who pays those fees on your behalf. Our fees for 2016 will be \$14,960, which is the same fee paid in 2015.
- SELF audit (if applicable) for the year ended June 30, 2016 will be \$410.

The above fees are the same fees charged for the June 30, 2015 audit.

The above fees are based on anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

### **Audit Administration and Other Matters**

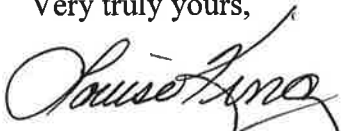
Louise King is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We understand that your employees will locate and provide to us any documents selected by us for testing. We also understand that key employees (the business manager, grant directors, etc.) will be available at the Joint Agreement office during the audit fieldwork and will cooperate fully with the audit team.

*Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Speed S.E.J.A. #802 and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement, please sign the enclosed copy and return it to us.

Very truly yours,



Louise King, Partner  
Legacy Professionals LLP

RESPONSE:

This letter correctly sets forth the understanding of Speed S.E.J.A. #802.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Dennis K. Knobloch, CPA  
James E. Mulligan, CPA  
James P. Ingold, CPA  
Joel M. White, CPA

Danny L. Kiedaisch, CPA  
John J. Belletete, CPA  
Chad E. Rogers, CPA  
David A. Klimas, CPA  
Benjamin J. Smith, CPA

L. Eugene Striegel, CPA  
1935-2011  
Martha E. Ingold, CPA  
Consultant

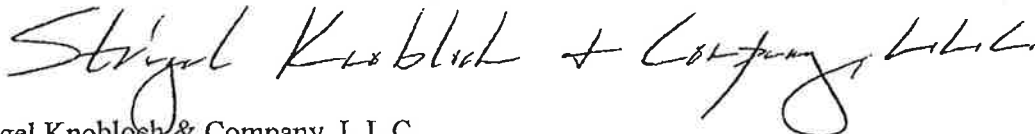
## SYSTEM REVIEW REPORT

To the Partners of Legacy Professionals, LLP  
and the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Legacy Professionals, LLP (the firm) in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on the review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Legacy Professionals, LLP in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Legacy Professionals, LLP has received a peer review rating of pass.



Striegel Knobloch & Company, L.L.C.  
December 3, 2013