

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

To the Members of the Board of Education  
Pleasantdale School District 107  
Burr Ridge, Illinois

In planning and performing our audit of the financial statements of Pleasantdale School District 107 (the "District") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District'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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, control deficiencies, material weaknesses or significant deficiencies may exist that were not identified.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or 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.

Following are descriptions of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

## Student Activity Accounts

### *Negative Account Balances (Repeated from prior year)*

The Middle School has one account with a negative student activity balance and the Elementary School has two accounts with negative balances. We recommend that the District transfer amounts from a general purpose student activity account to ensure the accounts maintain positive balances.

### *Miscoding of Deposits (Repeated from prior year)*

We identified transactions that were being miscoded as RevTrak deposits instead of Yearbook deposits for the student activity funds at the Elementary School. We recommend the District looks at the amounts recorded in the RevTrak account and properly documents where the amounts should be deposited before recording the deposit to an improper account.

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Rental Revenue Recorded in Expenditure Account

We identified rental revenues received from LADSE which were incorrectly recorded to an expenditure account. This resulted in an adjustment of \$17,930 to reclass the rental receipts to the appropriate revenue function as of June 30, 2019. We recommend the District review the general ledger for unusual balances such as credits to expense accounts and debits to revenue accounts in order to detect and correct such issues on a timely basis.

This letter also includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the District's practices and procedures.

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, organizations 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 consider developing or enhancing its data security risk management plan. In developing or enhancing the plan, management may want to consider the following (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 Members 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.

*Miller, Cooper & Co., Ltd.*

Certified Public Accountants

Deerfield, Illinois  
November 14, 2019