



Audit / Tax / Consult

# Russell Leigh

& Associates • Certified Public Accountants

September 13, 2016

Board of Education and Management  
Rossville-Alvin Community Unit District No. 7  
Rossville, Illinois

In planning and performing our audit of the financial statements of the Rossville-Alvin Community Unit District No. 7 for the year ended June 30, 2016, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

### **Significant Deficiencies**

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We found no deficiencies that we considered to be significant deficiencies.

### **Other Matters**

In the wake of the Enron scandal and other business failures, Congress passed the Sarbanes-Oxley Act. The legislation had a profound effect on both company management and the audit profession; however, the law was applicable only to publicly traded companies and thus did not have a direct impact on most of our firm's clients.

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Recently, the standard-setting body that governs auditors of non-public entities passed a sweeping set of new standards that rewrite many of the fundamental principles of a financial statement audit. Though less in scope than the rules for public companies, these new standards advance many of the key themes of Sarbanes-Oxley, including the new requirements that -

- \* Auditors gain a more thorough understanding of their clients' internal control.
- \* Auditors obtain more detailed information about their clients' operations, their business objectives and strategies and the risks to achieving these objectives.
- \* Client management clearly accepts responsibility for preparing all financial information and the District's financial statements.

The main objective of the new auditing standards is to strengthen and maintain the integrity of the independent financial statement audit. We support this objective. We also believe that the standards will benefit all stakeholders in the financial reporting process - those who prepare financial information, those of us who provide assurance on the reliability of that information, and those who use the information to make decisions about the District.

Documentation needs to be maintained on all transactions and policies for accounting procedures should be updated and reviewed to determine that the District is following the policies they have. The Board should approve any revisions and ensure that policies are being followed.

#### Findings

1. The District was over budget in the Education and Operations and Maintenance Funds.
2. It was found that there was too much IMRF levied in restricted funds.

*Russ Leigh & Assoc*

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