

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

To 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, 2014, 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, there can be no assurance that all deficiencies, material weaknesses or significant deficiencies have been identified.

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 and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when 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 qualifications to perform the control effectively.

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 other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Student Activity Accounts

Segregation of Duties

During the current year engagement, we noted that one individual at each school has access to cash, recording, and reconciliation of the Student Activity Accounts. This is not uncommon among organizations similar in size and resources to the District. We also noted that the business manager/CSBO reviews applicable bank reconciliations for each school on a monthly basis which helps to mitigate the risk related to applicable segregation of duties. To help further mitigate the risk related to segregation of duties, we recommend separating responsibility for initiating, approving and processing student activity transactions.

Management's Response

Subsequent to fieldwork, the District has already implemented procedures to separate responsibility related to the above duties. To that end, the District determined that the principals approve all student activity transactions.

Student Activity Accounts (Continued)

Use of Check Request Forms

During our testing of the student activity accounts, we noted that support for one transaction, out of a total of 9 transactions tested, did not include a completed Check Request Form indicating authorization and another transaction where the check requestor had not signed the Check Request Form. The District's policy is that all student activity expenditures require a completed Check Request Form. We recommend the District consistently follow its policy.

Management's Response

Management of the District has re-communicated its policy to individuals involved in student activities account.

Negative Account Balances

At June 30, 2014, five student club accounts at the Middle School had negative account balances. As student activity accounts are intended for the benefit of the students, it is important to properly track student activity accounts. We recommend the District review applicable accounts and develop a plan to relieve the negative account balances.

Management's Response

The negative account balances resulted from phasing out the five club accounts. The overall activity accounts had a positive balance. Updating the student accounts will enhance the tracking of these accounts.

E-Pay Cash Account

During the current year engagement, we noted that the balance at June 30, 2014 of the District's E-Pay account with The Illinois Funds had not been recorded as cash in the District's accounting system. An adjustment to the financial statements was made in order to record this cash balance. We recommend that the District maintain the account in its accounting system in order to avoid future adjustments to the financial statements.

Management's Response

The District is in the process of evaluating the best way to account for the E-Pay account.

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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 13, 2014