



**Glen Ellyn School District 41**

**Dr. Ann K. Riebock, Superintendent**

**MINUTES**

**BOARD OF EDUCATION REGULAR MEETING**

**MARCH 10, 2008**

**7:30 P.M.**

**DISTRICT 41 ADMINISTRATION CENTER  
793 NORTH MAIN STREET  
GLEN ELLYN, ILLINOIS**

**Call to Order**

Board President, Terra Costa Howard called the March 10, 2008 Regular Meeting of the Board of Education to order at 7:30 p.m.

**Pledge of Allegiance**

Vice President John Kenwood led in the Pledge of Allegiance and welcomed meeting attendees.

**Roll Call**

Upon the roll being called, the following answered present: Kevin Cosgrove, John Vivoda, Erica Nelson, John Kenwood, Bob Solak and Terra Howard. Steven Vondrak was absent.

**Public Participation**

There were no members of the public present who wished to address the Board.

**Recognition**

Hadley's MATHCOUNTS® Team: The Board of Education recognized four Hadley eighth graders, Adam Kalinich, Harley Wang, Evan Johnson and Daniel Motel on their achievement during the February 16<sup>th</sup> MATHCOUNTS competition. Under the volunteer coaching of Hadley Gifted Teacher, Heidi Hann, the team advanced to the state level on the basis of its second place overall team finish. In addition, three of the four team members placed in the top ten as individuals. The state competition was held on March 8 and the team placed 4<sup>th</sup>. Adam Kalinich placed second in the state competition and will go on to compete in the national competition in Denver in May. Superintendent Dr. Ann Riebock and the Board expressed pride and gratitude to the four young men and Mrs. Hahn for representing the District with such distinction and said that it is a proud moment for the Board of Education and the entire District 41 community.

**Superintendent's Report**

A. Enrollment Update: Superintendent Dr. Ann Riebock reported that current enrollment through February 29, 2008 is 3574. A copy of the report is attached.

(Attachment)

### **Board Reports**

- John Vivoda reported on his attendance at the IASB dinner on February 27. Anne Bryant, Director of the National School Board Association (NSBA) gave an interesting and worthwhile presentation on Board member responsibilities including governance, and targeting goals for student achievement.
- Bob Solak reported on his attendance at the Churchill PTA meeting. Highlights of the discussion topics included: Slating PTA candidates; an alumni event that is in the planning stages for Churchill's 50<sup>th</sup> anniversary; plans for the upcoming High Interest Day, and a discussion about school signage. Mr. Solak would like to initiate a board discussion about sharing the costs to fund this project. Mrs. Howard asked if this item should be considered by the Finance and Facilities Committee first since it is a facilities-related project and has associated costs. Dr. Riebock felt that it should first be discussed by the Board to determine whether it is appropriate for the District to share the costs or it should be funded by the school PTA's? If the Board decides that it is appropriate, next steps include a discussion by the Finance and Facilities in order to determine where on the capital projects list it will appear in terms of costs and priorities. The Board agreed that it is interested in pursuing the matter and directed the Administration to continue exploration of the matter.
- Erica Nelson reported that she and John Kenwood have met with Dinah Bryant to discuss the creation of a process for developing a long-range vision for educational excellence in District 41 and an accompanying process for developing a facilities plan to support the educational vision. This effort is in conjunction with the Board of Education's 2007-2008 goals that were developed last fall.
- Terra Howard reported on her participation in the CIT meeting. Discussion items included the District Scorecard (finalizing details of vocabulary, terms, etc.) and Literacy Curriculum materials adoption.

### **Discussion Items**

- A. Literacy Curriculum Materials for Adoption: Dr. Riebock presented an overview of the process that was involved in the literacy curriculum materials review. Dr. Riebock said that the ensuing proposal is a result of a year's work of field testing by classroom teachers and their collective recommendation. She added that the process to pilot was extensive and rigorous, and a thorough examination and completion of evaluation documents were required of those who participated. Dr. Riebock complimented the field testers, skillfully led by Karen Carlson, Assistant Superintendent of Teaching, Learning and Accountability, and Judy Heller, District Literacy Specialist to reach beyond their comfort zone to explore and recommend the adoption of materials that represent a variety of literacy text to meet the needs of diverse learners. Below is a summary of the recommendation.

#### **Hadley:**

- Write Source – one teachers resource pack per grade level team, a teacher's manual per teacher, 10 student books per teacher
- Comprehension Toolkit Bundles, one per teacher including ENL and special education as appropriate. Includes accompanying toolkit texts for grades 6 and 7.
- Comprehension Assessment Tool for all teachers in grades 6-8, ENL, special education teachers as appropriate.
- Making meaning with Individualized Daily Reading (IDR – 240 Titles). These materials will also be aligned to the Illinois Social Emotional Learning Standards.

**Elementary:**

- Making meaning with Individualized Daily Reading (IDR – 240 titles). These materials will also be aligned to the Illinois Social Emotional Learning Standards.
- Interactive Read Aloud with crates containing identified picture books by grade level
- Comprehension Toolkit Bundles, grades 3-5, one kit per grade level with the option of each teacher to have his/her own kit. Include accompanying toolkit texts.
- Primary Comprehension Toolkit Bundles, grade K-2, one kit per grade level with the option of each teacher to have his/her own kit. Include accompanying toolkit texts.
- Comprehension assessment Tool, one per grade level per building.

**Hadley/grades 6-8**

Materials	Funds needed
Write Source	\$ 5,391.00
Comprehension Toolkit Bundles	\$ 4,356.00
Comprehension Assessment Tool	\$ 578.00
Making Meaning with IDR	\$41,150.00
<b>Total</b>	<b>\$51,475.00</b>

**Elementary/K-5**

Making Meaning with IDR	\$123,130.00
Total \$233,950.68 - \$96,864.68 (state textbook loan monies)	
Interactive Think Aloud	\$7,260.00
Comprehension Toolkit Bundles + Toolkit Texts (Primary/K-2 and grades 3-5)	\$5,826.00
Comprehension Assessment Tool	\$770.00
<b>Total</b>	<b>\$136,986.00</b>

<b>Total K-8=\$188,461.00</b>
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Further recommendations include the following:

- Create a scope and sequence of the reading and writing curriculum for grades PreK-8.
- Provide professional development opportunities in May with any of the newly adopted materials.
- Focus professional development efforts in the 2008-2009 school year on implementing the reading workshop with the new literacy materials.
- Elementary – Field test additional materials/resources or support Writer’s Workshop during the 2008-2009 school year. Introduce Writer’s Workshop and supporting materials in May of 2009 to implement in the 2009/2010 school year.
- Hadley – Continue to explore additional resources to support Writer’s Workshop.
- Each year continue to designate curriculum dollars for book room materials.

Mrs. Carlson and Mrs. Heller reviewed the details of the proposal and shared their perspective of the process with Board members. Additional discussion focused on the proposed costs and professional development timeline relative to implementation of the new materials. The Board commended the Teaching, Learning and Accountability (TLA) department on their work and noted that the stability of the department has had a positive impact on this process. The Board encouraged the Administration to showcase the literacy curriculum this fall for the benefit of parents. Dr. Riebock reminded the Board of the website link, <http://www.d41.dupage.k12.il/us/curriculum/parents.htm> that is available for parents to peruse that contains information on all D41 curriculum

The Administration recommended that the above literacy curriculum materials be placed on display for review and consideration prior to making a formal recommendation to the Board of Education for approval and adoption at the March 24<sup>th</sup> meeting. The Board affirmed its desire to place the materials on display for adoption.

B. Transportation Contract Extension-First Student, Inc.

Dr. Riebock presented the Board with an overview of a proposal for a transportation contract extension with First Student, Inc. for its review and consideration. Dr. Riebock noted that this is an annual request and that Laidlaw Transit, Inc. has been providing bus transportation for the students of District 41 since 2001. During the past school year, Laidlaw was acquired by First Student. This request for an extension on the contract for First Student follows a year of monitoring the impact of the merger between Laidlaw and First Student.

First Student, Inc will be responsible for the transportation of all District 41 regular transportation services and does maintain a transportation facility within District 41 boundaries. In addition, their annual renewal has been extended for 3% which is less than the current CPI of 4.1%.

The Board asked that the final recommendation include a total contract cost. The Administration will present a formal proposal, including total contract cost, to the Board at its March 24<sup>th</sup> meeting.

**Action Items**

Board President Howard asked if there were any items that Board members wished to remove from the Consent Agenda. Hearing none,

*Vivoda moved and Cosgrove seconded to approve the actions and recommendations in the Consent Agenda as described below. On a roll call vote answering "Aye" Cosgrove, Kenwood, Vivoda, Nelson, Solak and Howard; answering 'Nay": None. Motion carried.*

A. Consent Agenda

1. Human Resources

(a) Personnel Report (Attachment)

- Resignations
- Resignation/Retirement
- Employment Recommendations
- Leave of Absence Requests

2. Finance, Facilities and Operations

(a) Interim Paid Bills February (Attachment)

(b) Recommendation/Risk Assessment and Internal Control Review

Agreement: The Administration recommended that the Board of Education approve the agreement with Virchow Krause & Company in the amount of \$20,150 for a review and implementation of new internal control procedures per the attached agreement (Attachment).

(c) Recommendation/Letter of Engagement – 2008 Auditor: The

Administration recommended that the Board of Education retain the services of Virchow Krause & Company as auditors for the 2007–2008 Fiscal Year and approve the fee set at \$35,000 per the attached agreement (Attachment).

3. Other Matters

- (a) Board Regular & Special Meeting Minutes
  - February 25, 2008 Regular & Closed Meetings
- (b) Destruction of Closed Meeting Audio Recordings (Attachment)

**Upcoming Meetings**

March 24, 2008, 7:00 p.m., Churchill School, 240 Geneva Road, Glen Ellyn.

**Public Participation**

There were no members of the public who wished to address the Board.

**Adjourn to Closed Session**

*At 8:23 p.m., Vivoda moved and Nelson seconded to adjourn to closed session to discuss:*

- *The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the District or legal counsel for the District, including hearing testimony on a complaint lodged against an employee or against legal counsel for the District to determine its validity.*
- *The purchase or lease of real property for the use of the District, including meetings held for the purpose of discussing whether a particular parcel should be acquired.*
- *The setting of a price for sale or lease of property owned by the District.*
- *The placement of individual students in special education programs and other matters relating to individual students.*

*On a roll call vote answering "Aye": Solak, Cosgrove, Kenwood, Vivoda, Nelson and Howard; answering "Nay": none. Motion carried.*

**Return to Open Session**

The Board returned to open session at 11:33 p.m.

**Adjournment**

*There being no further business Vivoda moved and Howard seconded to adjourn the regular meeting at 11:34 p.m. On a roll call vote answering "Aye": Cosgrove, Vivoda, Nelson, Kenwood, Solak and Howard; answering "Nay": none. Motion carried.*

Respectfully submitted,  
Maureen Stecker, Recording Secretary

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Terra Costa Howard,  
President, Board of Education

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Erica Nelson  
Secretary, Board of Education

Minutes approved March 24, 2008

Glen Ellyn School District 41  
 Monthly Enrollment Report Summary  
 2/29/2008

School	Grade	Total Enrollment	Enrollment/section					Self Contained Spec Ed
Abraham Lincoln	K	81	16	16	15	17	17	
	1	108	22	22	22	20	22	
	2	115	20	19	20	19	18	19
	3	106	21	22	22	20	21	
	4	102	26	25	26	25		
	5	101	25	26	25	25		
	EC	17						17
Total Enrollment:		630						
January 31st Total Enrollment		632						

Benjamin Franklin	K	90	22	24	20	24		
	1	124	22	21	21	21	19	21
	2	88	22	22	22	22		
	3	96	24	24	24	24		
	4	99	26	25	24	24		
	5	91	22	24	23	22		
	Pre-K	71						71
Total Enrollment:		659						
January 31 Total Enrollment		658						

Churchill	K	95	24	24	23	24		
	1	71	17	17	19	18		
	2	105	22	20	21	21	21	
	3	102	20	20	21	20	21	
	4	99	20	20	20	20	19	
	5	87	22	21	22	22		
Total Enrollment:		559						
January 31st Total Enrollment		558						

Forest Glen	K	68	17	17	18	16		
	1	97	20	19	20	20	18	
	2	76	19	19	19	19		
	3	99	24	25	25	24		1
	4	96	23	24	23	24		2
	5	97	24	23	23	23		4
EC	30						30	
Total Enrollment:		563						
January 31st Total Enrollment		564						

Hadley		Total Enrollment	Enrollment/Team			Self Contained Spec Ed
Hadley	6	384	126	121	127	10
	7	384	126	124	124	10
	8	395	132	125	129	9
Total Enrollment		1,163				
January 31st Total Enrollment		1,165				

District Total	Current	Jan.08	
Pre-K	71	69	Self-Contained Special Education  Special Education: Lincoln: ECE (Early Childhood Education) Forest Glen: ECE, GIP (Guided Program of Instruction) Hadley: MIP, GIP, ED (Emotional Disorders)
EC	47	46	
K	334	334	
1	400	399	
2	384	388	
3	403	404	
4	396	396	
5	376	376	
6	384	384	
7	384	386	
8	395	395	
Grand Total	3,574	3,577	

Note: Shaded areas indicate children who are in mobile classrooms.

## Glen Ellyn School District #41 Board Report

**Date:** March 10, 2008  
**Title:** Personnel Report-Final  
**Contact:** Laura Campbell, Director of Human Resources

**Long-Range Plan Focus:** The recommendations contained in this Personnel Report support Goal #1, Target 6 of the Superintendent's five and two year plans: We will recruit, hire, support and retain high quality staff.

**Discussion:** According to section 8.7 of the collective bargaining agreement with the teachers' association (GEEA), the Board has three options when granting a leave of absence. The leave can be granted with a) a guarantee of re-employment; or b) re-employment may be contingent upon the availability of vacant positions; or c) the employee, at his/her request, will be considered for placement in any vacant position for which he/she qualifies to the district's satisfaction. The administration is recommending that the ENL teacher be guaranteed re-employment as there is a shortage of ENL candidates.

**Employment Recommendations**

<u>Name</u>	<u>School</u>	<u>Position</u>	<u>Placement/Salary</u>	<u>Effective Date</u>
Judith LaCrosse	Churchill	Custodian	\$10.41/\$6,162.72	03-17-08

**Resignation**

<u>Name</u>	<u>School</u>	<u>Position</u>	<u>Effective Date</u>
Rebecca Johnson	Hadley	Spanish Teacher	End of 2007-08 school year

**Resignation and Retirement**

<u>Name</u>	<u>School</u>	<u>Position</u>	<u>Effective Date</u>
Dorothy Lowe	Churchill	Library Aide	End of 2007-08 school term
Julie Maher	Forest Glen	Music Teacher	End of 2009-10 school term
Doug Shane	Hadley	Resource Teacher	End of 2009-10 school term

**Leaves of Absence**

<u>Name</u>	<u>School</u>	<u>Position</u>	<u>Type of Leave</u>	<u>Duration of Leave</u>
Alison Girling	Churchill	4 <sup>th</sup> Grade Teacher	Parental Leave of Absence	2008-09 school year
Chris Abbott	Hadley	ENL Teacher	Leave of Absence - guarantee of re-employment	2008-09 school year
Molly Risberg	Lincoln	3 <sup>rd</sup> Grade Teacher	Leave of Absence - re-employment contingent upon available position	2008-09 school year

**Recommendation:**

It is recommended that the Board accept the actions included in this Personnel Report as presented.

**INTERIM PAID BILLS**  
**02/15/08 - 02/29/08**

<u>FUND</u>	<u>TOTAL BILLS PAID</u>
General Fund	\$834,024.12
Bond & Interest	0.00
B & I Debt Service Grant	0.00
IMRF	82,012.84
Life Safety	0.00
S & C Cap Imp	0.00
97 Project Fund	0.00
Working Cash	0.00
<b>SUB-TOTAL</b>	<b>\$916,036.96</b>
Self-Insurance	9,432.40
Insurance	0.00
<b>TOTAL</b>	<b>\$925,469.36</b>



January 30, 2008

Bob Ciserella  
Glen Ellyn School District 41  
793 North Main Street  
Glen Ellyn, Illinois 60137

Dear Bob:

This letter and the attached standard terms and conditions will serve as the engagement letter summarizing the scope of work, project timeline, expected deliverables, and project fees for the services to be provided by Virchow, Krause & Company, LLP.

#### **Project Scope & Objectives**

Virchow Krause will perform detailed reviews of key financial processes to identify and document related internal controls. The documentation will include in-depth process narratives that outline process flow and identify key controls. In addition, risk matrices that map processes reviewed to controls identified will be completed. A listing of identified control deficiencies and suggestions to remediate control deficiencies will be included as a part of the documentation. Documentation of the processes and controls will be based upon current process documentation and interviews with process owners.

#### **Project Approach & Work Plan**

The review will be segmented by key financial operating cycles (the student activity and convenience accounts are outside the scope of this review) as follows:

##### Cash & Revenue

- Property Taxes
- Intergovernmental Grants
- Local Cash Receipts

##### Expenditures – Goods & Services

- Purchasing
- Processing Invoices and Recognition of Accounts Payable
- Processing of Cash Disbursements
- Vendor Master File Maintenance

##### Payroll and Human Resources

- Processing Payroll
- New Hires
- Terminations
- Payroll Calculation and Disbursement
- Employee Master File Maintenance

Fixed Assets

- Asset Additions
- Asset Retirements
- Depreciation Expense
- Asset Disposal
- Fixed Asset Sub-Ledger Maintenance

Cash & Investments

- Cash & Investment Account Reconciliations
- Earned Interest & Investment Gains
- Investment Policies & Guidelines

Debt management

Financial Statement Close

- Completing the Monthly General Ledger Close
- Financial Reporting
- Adjusting Journal Entries
- Financial Statement Disclosures

**Project Deliverables**

***Status Reports***

- Oral and/or written as necessary through the course of the project to inform the District's project liaison of any concerns or issues related to the project

***Draft Report (written)***

- Process narratives for each cycle identified
- Matrices of each cycle mapping controls identified
- Summary of results and identification of any significant control deficiencies with suggestions to remediate control deficiencies

***Draft Report (oral)***

- One on-site meeting with the management to discuss comments and receive feedback on the draft report

***Final Report***

- Compilation of any corrections and changes to the draft report in a final written document of findings, analysis, and recommendations
- One on-site meeting to present the final report to the Board of Education or other appropriate committee, if necessary.

### **Proposed Timeline and Fees**

Based on the availability of District staff for interviews and the availability and timely receipt of requested information necessary to complete this review, we estimate that a draft report can be presented to the District for its review within two to four weeks from the commencement of work, which will begin in March of this year. A final report and any presentations would be completed in a timely fashion after receiving feedback from the District on the draft report.

The District's investment for this review will be \$20,150. This estimate includes time associated with all interviews and analysis of information as well as attendance at one meeting to review the draft report and one meeting to present the final report.

Our cost estimate for this project is based on the assumption that we will not have to expend a significant amount of time performing data extraction or reviewing paper records, but would have access to appropriate personnel to assist with the walkthrough of the processes and related key controls. If the District desires to utilize our services to a greater extent for data extraction, we would develop an appropriate estimate of hours and costs once we have a chance to review the available data's format.

Additionally, should the level of effort required to complete this analysis exceed the project fee estimate provided above due to a change in scope or clarification of expectations, Virchow Krause will notify the District and work to develop a mutually agreeable approach and budget to complete the work. Virchow Krause will not perform any work beyond that described in this engagement letter without the prior written approval of the District.

Please refer to the attached for additional terms and conditions related to this agreement.

### **District Project Management**

Virchow Krause shall submit all deliverable products and payment invoices to you in your role as the Assistant Superintendent for Business Services. Further, the District agrees to:

1. Designate a management-level individual to be responsible and accountable for overseeing this project and ensuring that the project stays within scope.
2. Establish and monitor the performance of the project to ensure that it meets the District's objectives.
3. Make any decisions that involve management functions related to this project.
4. Evaluate the adequacy of the services performed and any findings that result.
5. Establish internal controls, including monitoring ongoing activities.

Bob Ciserella  
Glen Ellyn School District 41

January 30, 2008  
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Please sign and return an original copy of this letter, retaining a copy for your records.

We look forward to working with you on this project. Please contact Kay Nees at 630.645.6218 (e-mail knees@virchowkrause.com) or myself at 630.645.6209 (e-mail jrossi@virchowkrause.com) should you have questions with this engagement letter, or to discuss any questions regarding the project overall.

Sincerely,

VIRCHOW, KRAUSE & COMPANY, LLP

*Virchow, Krause & Company, LLP*

By John Rossi, CPA, Partner

Attachment

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Accepted By:

*Steve Crowe Howard*

Date:

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# Virchow Krause

## Standard Business Terms

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These Standard Business Terms ("Terms") govern the services provided by Virchow Krause & Company, LLP ("Virchow Krause") set forth in the Statement of Work to which these Terms are attached (the "Services"). These Terms, together with the Statement of Work to which they are attached, constitute the entire understanding and agreement between the client identified on such Statement of Work (the "Client") and Virchow Krause with respect to the Services described in the Statement of Work (collectively, the Statement of Work and these Terms are referred to as the "Agreement") and supersede and incorporate all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto. If there is a conflict between these Terms and the terms of any Statement of Work, these Terms shall govern.

### Section 1. Confidentiality

With respect to this Agreement and any information supplied in connection with this Agreement and designated by the disclosing party (the "Disclosing Party") as "Confidential Information" either by marking it as "confidential" prior to disclosure to the receiving party (the "Recipient") or, if such information is disclosed orally or by inspection, then by indicating to the Recipient that the information is confidential at the time of disclosure and confirming in writing to the Recipient, the confidential nature of the information within ten (10) business days of such disclosure, the Recipient agrees to: (i) protect the Confidential Information in the same manner in which it protects its confidential information of like importance, but in no case using less than reasonable care; (ii) use the Confidential Information only to perform its obligations under this Agreement; and (iii) reproduce Confidential Information only as required to perform its obligations under this Agreement. This section shall not apply to information which is (A) publicly known, (B) already known to the recipient; (C) disclosed to a third party without restriction; (D) independently developed; or (E) disclosed pursuant to legal requirement or order, or as is required by regulations or professional standards governing the Services performed. Subject to the foregoing, Virchow Krause may disclose Client's Confidential Information to its subcontractors and affiliates.

### Section 2. Deliverables

(a) Materials specifically prepared by Virchow Krause for Client as a deliverable under a Statement of Work (each a "Deliverable") may, when fully paid for by Client, be used, copied, distributed internally, and modified by Client but solely for its internal business purposes. Client shall not, without Virchow Krause's prior written consent, disclose to a third party, publicly quote or make reference to the Deliverables. Virchow Krause shall retain all right, title and interest in and to: (i) the Deliverables, including but not limited to, all patent, copyright, trademark and other intellectual property rights therein; and (ii) all methodologies, processes, techniques, ideas, concepts, trade secrets and know-how embodied in the Deliverables or that Virchow Krause may develop or supply in connection with this Agreement (the "Virchow Krause Knowledge"). Subject to the confidentiality restrictions contained in Section 1, Virchow Krause may use the Deliverables and the Virchow Krause Knowledge for any purpose.

(b) The documentation for this engagement, including the workpapers, is not part of the Deliverables, is the property of Virchow Krause and constitutes confidential information. We

may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to Regulators, Client hereby authorizes us to do so.

### Section 3. Acceptance

Client shall accept Deliverables which (i) substantially conform to the specifications in the Statement of Work or (ii) where applicable, successfully complete the mutually agreed to acceptance test plan described in the Statement of Work. Client will promptly give Virchow Krause written notification of any non-conformance of the Deliverables with such requirements ("Non-conformance") within thirty (30) days following delivery of such Deliverables, and Virchow Krause shall have a reasonable period of time, based on the severity and complexity of the Non-conformance, to correct the Non-conformance so that the Deliverables substantially conform to the specifications. If Client uses the Deliverable before acceptance, fails to promptly notify Virchow Krause of any Non-conformance within such 30-day period, or delays the beginning of acceptance testing more than five (5) business days past the agreed upon date for the start of such acceptance testing as specified or otherwise determined under the Statement of Work, then the Deliverable shall be deemed irrevocably accepted by the Client.

### Section 4. Standards of Performance

Virchow Krause shall perform its Services in conformity with the terms expressly set forth in this Agreement, including all applicable professional standards. Accordingly, our Services shall be evaluated on our substantial conformance with such terms and standards. Any claim of nonconformance (and applicability of such standards) must be clearly and convincingly shown. Client acknowledges that the Services will involve the participation and cooperation of management and others of Client. Unless required by professional standard or Client and Virchow Krause otherwise agree in writing, Virchow Krause shall have no responsibility to update any of its work after its completion.

### Section 5. Warranty

(a) Each Party represents and warrants that such party has the power and authority to enter into and fully perform its obligations under this Agreement. (b) Client warrants that it has the legal right and authority, and will continue to have the legal right and authority during the term of this Agreement, to operate, configure, provide, place, install, upgrade, add, maintain and repair (and authorize Virchow Krause to do any

# Virchow Krause

## Standard Business Terms

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of the foregoing to the extent the same are included in the Services) the hardware, software and data that comprises any of Client's information technology system upon which or related to which Virchow Krause provides Services under this Agreement.

(c) Virchow Krause warrants that any Services that it provides to Client under this Agreement and any Statement of Work will be performed in accordance with generally accepted industry standards of care and competence. Client's sole and exclusive remedy for a breach of Virchow Krause's warranty will be for Virchow Krause, in its sole discretion, to either: (i) use its reasonable commercial efforts to re-perform or correct the Services, or (ii) refund the fee Client paid for the Services that are in breach of Virchow Krause's warranty. Client must make a claim for breach of warranty in writing within thirty (30) days of the date that the Services that do not comply with Virchow Krause's warranty are performed. This warranty is voided in the event that Client makes alterations to the Services provided by Virchow Krause or to the environment in which the Services are used (including the physical, network and systems environments) that are not authorized in writing by Virchow Krause. If Client does not notify Virchow Krause of a breach of Virchow Krause's warranty during that 30-day period, Client will be deemed to have irrevocably accepted the Services.

(d) Virchow Krause does not warrant any third-party product (each, a "Product"). All Products are provided to Client by Virchow Krause "AS IS." Virchow Krause will, to the extent it is allowed to by its vendors, pass through any warranties and indemnifications provided by the manufacturer of the Product. Client, recognizing that Virchow Krause is not the manufacturer of any Product, expressly waives any claim that Client may have against Virchow Krause based upon any product liability or infringement or alleged infringement of any patent, copyright, trade secret or other intellectual property right (each a "Claim") with respect to any Product and also waives any right to indemnification from Virchow Krause against any such Claim made against Client by another. Client acknowledges that no employee of Virchow Krause or any other party is authorized to make any representation or warranty on behalf of Virchow Krause that is not in this Agreement.

(e) This section 4 is Virchow Krause's only warranty concerning the services and any deliverable, and is made expressly in lieu of all other warranties and representations, express or implied, including any implied warranties of merchantability, ACCURACY, TITLE, non-infringement, or fitness for a particular purpose, or otherwise.

### Section 6. Risk Allocation

(a) In no event, and NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY SET FORTH HEREIN, will Virchow Krause and its present or former partners, principals, agents or employees OR ANY OF ITS THIRD-PARTY SUPPLIERS be liable to Client or any third party for ANY lost profits, LOST Business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages, DELAYS, INTERRUPTIONS, OR

VIRUSES arising out of or related to this Agreement regardless of the basis of the claim, whether in contract or tort (including Virchow Krause's NEGLIGENCE, strict liability or otherwise) AND WHETHER FORESEEABLE OR NOT and even if Virchow Krause has been advised of the possibility of such damages AND IN NO EVENT WILL Virchow Krause and its present or former partners, principals, agents or employees AGGREGATE liability (including attorneys' fees and ALL other costs) to Client, IF ANY, EXCEED the amount of the fees actually paid BY CLIENT to Virchow Krause UNDER THIS AGREEMENT FOR the specific services FOR WHICH LIABILITY HAS BEEN ASSERTED.

(b) As Virchow Krause is performing the Services solely for the benefit of Client, Client will indemnify Virchow Krause, its affiliates and their present or former partners, principals, employees, officers and agents against all costs, fees, expenses, damages and liabilities (including attorneys' fees and all defense costs) associated with any third-party claim, relating to or arising as a result of the Services, Client's use of the Deliverables, or this Agreement. In the event Virchow Krause is requested by the Client; or required by government regulation, subpoena, or other legal process to produce our engagement working papers or its personnel as witnesses with respect to its Services rendered for the Client, so long as Virchow Krause is not a party to the proceeding in which the information is sought, Client will reimburse Virchow Krause for its professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

(c) Because of the importance of the information that Client provides to Virchow Krause with respect to Virchow Krause's ability to perform the Services, Client hereby releases Virchow Krause and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorneys fees, relating to the Services, that arise from or relate to any information, including representations by management, provided by Client, its personnel or agents, that is not complete, accurate or current.

(d) Virchow Krause will indemnify Client against any damage or expense relating to bodily injury or death of any person or tangible damage to real and/or personal property incurred while Virchow Krause is performing the Services to the extent such damage is caused solely by the negligent acts or willful misconduct of Virchow Krause's personnel or agents in performing the Services.

(e) Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Agreement are material bargained for bases of this Agreement and that they have been taken into account and reflected in determining the consideration to be given by each party under this Agreement and in the decision by each party to enter into this Agreement.

(f) Any action by either party to this Agreement against the other which in any way relates to the Services or fees for the Services must be brought within twelve (12) months after the performance of the Services for which the action is brought.

# Virchow Krause

## Standard Business Terms

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### Section 7. Personnel

Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees to Virchow, Krause & Company, LLP, and that of the City's employees to its operations, both parties hereby agreed that they will not solicit the personnel of the other party for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Virchow, Krause & Company, LLP or the City for a period of twelve (12) months following the date of conclusion of this engagement. If either party violates this non-solicitation clause, they agree to pay to the other party a fee equal to 30% of the hired individual's new annual compensation within 30 days of such event.

### Section 8. Termination

(a) This Agreement may be terminated at any time by either party upon fifteen (15) days' written notice to the other. However, upon termination of this Agreement, this Agreement will continue to remain in effect with respect to any Statement(s) of Work already issued at the time of such termination, until such Statements of Work are themselves either terminated or the performance thereunder is completed.

(b) This Agreement and all Statements of Work may be terminated by either party effective immediately and without notice, upon: (i) the dissolution, termination of existence, liquidation or insolvency of the other party, (ii) the appointment of a custodian or receiver for the other party, (iii) the institution by or against the other party of any proceeding under the United States Bankruptcy Code or any other foreign, federal or state bankruptcy, receivership, insolvency or other similar law affecting the rights of creditors generally, or (iv) the making by the other party of any assignment for the benefit of creditors.

(c) Client shall pay Virchow Krause for all Services rendered and expenses incurred as of the date of termination, and shall reimburse Virchow Krause for all reasonable costs associated with any termination.

(d) Except for disputes related to confidentiality or intellectual property rights, all disputes and controversies between the parties hereto of every kind and nature arising out of or in connection with this Agreement as to the existence, construction, validity, interpretation or meaning, performance, nonperformance, enforcement, operation, breach, continuation, or termination of this Agreement shall be resolved as set forth in this Section using the following procedure: Upon the occurrence of such a dispute, either party may send written notice to the other party seeking a meeting or telephone conference involving representatives of the parties with authority to resolve and settle the dispute. The parties shall use their best efforts to have such meeting or conference within three (3) business days after written notice of the dispute has been provided and to act in good faith to resolve the dispute. If, despite such efforts, the dispute has not been resolved or settled within ten (10) business days after written notice of the dispute has been provided, either party may pursue mediation as described below by providing written notice to the other party requesting mediation. In the

mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who shall attempt to facilitate negotiations. The mediator shall be selected by agreement of the parties. If the parties cannot otherwise agree on a mediator, a mediator shall be designated by the American Arbitration Association or any successor organization ("AAA"). Any mediator so designated must be reasonably acceptable to all parties (a mediator so appointed by the AAA shall be deemed acceptable if not rejected for specific written reasons by a party within three (3) business days of notice to a party of the identity of such mediator). The mediation shall be conducted using the procedure specified by the mediator. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and, therefore, shall be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings. Except as otherwise provided in this Agreement, each party shall bear its own costs in the mediation and the fees and expenses of the mediator shall be shared equally by the parties. If a dispute has not been resolved within ten (10) days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the parties may pursue any remedy available to them under law.

(e) Because a breach of any the provisions of this Agreement concerning confidentiality or intellectual property rights will irreparably harm the non-breaching party, Client and Virchow Krause agree that if a party breaches any of its obligations thereunder, the non-breaching party shall, without limiting its other rights or remedies, be entitled to seek equitable relief (including, but not limited to, injunctive relief) to enforce its rights thereunder, including without limitation protection of its proprietary rights. The parties agree that the parties need not invoke the procedures set forth in Section 7(d) in order to seek injunctive or declaratory relief.

(f) Any rights and duties of the parties that by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, limitation of liability, confidentiality, ownership of work product, and survival of obligations, any accrued rights to payment and remedies for breach of this Agreement shall survive the expiration or termination of this Agreement or any Statement of Work.

### Section 9. Force Majeure

In the event that either party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any act of God, fire, casualty, flood, war, strike, lock out, failure of public utilities, injunction or any act, exercise, assertion or requirement of any governmental authority, epidemic, destruction of production facilities, insurrection, inability to obtain labor, materials, equipment, transportation or energy sufficient to meet needs, or any other cause beyond the reasonable control of the party invoking this provision ("Force Majeure Event"), and if such party shall have used reasonable efforts to avoid such occurrence and

# Virchow Krause

## Standard Business Terms

minimize its duration and has given prompt written notice to the other party, then the affected party's failure to perform shall be excused and the period of performance shall be deemed extended to reflect such delay as agreed upon by the parties.

### Section 10. Taxes

Virchow Krause's fees are exclusive of any federal, national, regional, state, provincial or local taxes, including any VAT or other withholdings, imposed on this transaction, the fees, or on Client's use of the Services or possession of the Deliverable (individually or collectively, the "Taxes"), all of which shall be paid by Client without deduction from any fees owed by Client to Virchow Krause. In the event Client fails to pay any Taxes when due, Client shall defend, indemnify, and hold harmless Virchow Krause, its officers, agents, employees and consultants from and against any and all fines, penalties, damages, costs (including, but not limited to, claims, liabilities or losses arising from or related to such failure by Client) and will pay any and all damages, as well as all costs, including, but not limited to, mediation and arbitration fees and expenses as well as attorneys' fees, associated with Client's breach of this Section 9.

*ILLINOIS*

### Section 11. Notices

Any notice or communication required or permitted under this Agreement or any Statement of Work shall be in writing and shall be deemed received (i) on the date personally delivered; or (ii) the date of confirmed receipt if sent by Federal Express, DHL, UPS or any other reputable carrier service, to applicable party (sending it to the attention of the title of the person signing this Agreement) at the address specified on the signature page of this Agreement or such other address as either party may from time to time designate to the other using this procedure.

### Section 12. Miscellaneous

(a) This Agreement and any Statement(s) of Work constitute the entire agreement between Virchow Krause and Client with respect to the subject matter hereof and supersede all prior agreements, promises, understandings and negotiations, whether written or oral, regarding the subject matter hereof. No terms in any Client purchase order that are different from, or additional to, the terms of this Agreement will be accorded any legal effect and are specifically hereby objected to by Virchow Krause. This Agreement and any Statement of Work cannot be amended unless in writing and signed by duly authorized representatives of each party. Headings in this Agreement are included for convenience only and are not to be used to construe or interpret this Agreement.

(b) In the event that any provision of this Agreement or any Statement of Work is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement or such Statement of Work did not contain the particular provisions held to be unenforceable. The unenforceable provisions shall be replaced by mutually acceptable provisions which, being valid, legal and

enforceable, come closest to the intention of the parties underlying the invalid or unenforceable provision. If the Services should become subject to the independence rules of the U.S. Securities and Exchange Commission with respect to Client, such that any provision of this Agreement would impair Virchow Krause's independence under its rules, such provision(s) shall be of no effect.

(c) Neither this Agreement, any Statement of Work nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by Client without the written consent of Virchow Krause. Virchow Krause may assign and transfer this Agreement and any Statement of Work to any successor that acquires all or substantially all of the business or assets of such Virchow Krause by way of merger, consolidation, other business reorganization, or the sale of interests or assets, provided that Virchow Krause notifies Client in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Agreement.

(d) The validity, construction and enforcement of this Agreement shall be determined in accordance with the laws of ~~Wisconsin~~, without reference to its conflicts of laws principles, and any action (whether by arbitration or in court) arising under this Agreement shall be brought exclusively in Wisconsin. Both parties consent to the personal jurisdiction of the state and federal courts located in Wisconsin. The parties each knowingly and voluntarily waive their right to trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement.

(e) The parties hereto are independent contractors. Nothing herein shall be deemed to constitute either party as the representative, agent, partner or joint venture of the other.

(f) The failure of Virchow Krause at any time to enforce any of the provisions of this Agreement or a Statement of Work will in no way be construed as a waiver of such provisions and will not affect the right of Virchow Krause thereafter to enforce each and every provision thereof in accordance with its terms.

(g) Each party represents and warrants to the other that it has full power and authority to enter into and perform this Agreement and any Statement of Work entered into pursuant hereto and the person signing this Agreement or such Statement of Work on behalf of each party hereto has been properly authorized and empowered to enter into this Agreement.

(h) Client acknowledges that: (i) Virchow Krause and Client may correspond or convey documentation via Internet e-mail unless Client expressly requests otherwise, (ii) neither party has control over the performance, reliability, availability, or security of Internet e-mail, and (iii) Virchow Krause shall not be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail.

(i) Except to the extent expressly provided to the contrary, no third-party beneficiaries are intended under this Agreement.



January 31, 2008

To the Board of Education  
Glen Ellyn School District 41  
793 North Main Street  
Glen Ellyn, Illinois 60137

Dear Board members:

We are pleased to confirm our understanding of the terms of our engagement as independent accountants of the District. We will audit the basic financial statements of the District as of and for the year ended June 30, 2008. Upon completion of our audit, we will provide the District with our audit report on the financial statements referred to above. If, for any reasons caused by or relating to the affairs or management of the District, we are unable to complete the audit or are unable to or have not formed an opinion, we may withdraw and decline to issue a report as a result of this engagement.

We will also submit to you our report on the following supplemental information that will be subjected to the auditing procedures applied in our audit of the basic financial statements:

- Illinois State Board of Education Annual Financial Report

We will also submit to you our report on agreed upon procedures for the CLIC Payroll Summary that includes comparing and agreeing the actual salaries and wages, for the categories listed, to the summary payroll register for the period requested. We will not conduct an audit, the objective of which would be the expression of an opinion on the amounts of payrolls paid. Therefore, we will not express an opinion on the amount of payrolls paid.

The document will also include the following supplemental information that will be subjected to the auditing procedures applied in relation to our audit of the basic financial statements:

- Individual fund financial statements
- Supplementary schedules

The document will also include the following required supplemental information on which we will apply certain limited procedures, and for which we will express no opinion:

- Management's discussion and analysis
- Budgetary comparison information
- Historical pension information

The document will also include the following additional information that will not be subject to the auditing procedures applied in our audit of the basic financial statements, and for which our report will disclaim an opinion:

- Introductory section
- Statistical section

January 31, 2008

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### **Our Responsibilities and Limitations**

The objective of a financial audit is the expression of an opinion on the financial statements. We will be responsible for conducting that audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the finance committee internal control matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers (e.g., to observe inventory, act as a specialist, or audit an element of the financial statements) in serving your account. We may share confidential information about you with these service providers, but are committed to maintaining the confidentiality and security of your information.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States of America may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to the District, as appropriate, any such matters identified during our audit.

We are also responsible for determining that the finance committee is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under auditing standards generally accepted in the United States of America, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the District's significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to the District's financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee (or equivalent group charged with governance) receives copies of certain written communications between us and management including written communications on accounting, auditing, internal control or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

#### **Management Responsibilities**

Management is responsible for the financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information in conformity with accounting principles generally accepted in the United States of America. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us in the management representation letter (i) about all known or suspected fraud affecting the entity involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming 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 basic financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with accounting principles generally accepted in the United States of America. Management also is responsible for identifying and ensuring that the District complies with the laws and regulations applicable to its activities.

As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards generally accepted in the United States of America also require that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

#### **Non-Attest Services**

Prior to or as part of our audit engagement, it may be necessary for us to perform certain non-attest services including, but not limited to, preparing drafts of your financial statements and proposing general, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. In addition, you will be required to review and approve the financial statements and approve that document prior to its issuance and have a responsibility in fact and appearance to make an informed judgment on that document.

We will not perform any management functions or make management decisions on your behalf with respect to any non-attest services we provide.

In connection with our performance of any non-attest services, you agree that you will:

- Continue to make all management decisions and perform all management functions including approving all journal entries and general ledger classifications when they are submitted to you.
- Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- Evaluate the adequacy and results of the non-attest services we perform.
- Accept responsibility for the results of our non-attest services.
- Establish and maintain internal controls, including monitoring ongoing activities related to the non-attest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

#### **Other Documents**

Auditing standards generally accepted in the United States of America require that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

If you intend to reproduce or publish the financial statements and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing, and final materials before distribution.

January 31, 2008

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With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Audit Administration**

Completion of our work is subject to, among other things, 1) appropriate cooperation from the District's personnel, including timely preparation of necessary schedules, 2) timely responses to our inquiries and 3) timely communication of all significant accounting and financial reporting matters. When and if for any reason the District is unable to provide such schedules, information and assistance, Virchow, Krause & Company, LLP and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

We estimate that our fees for these services for the year-ended June 30, 2008 will be \$35,000. The fee estimate is based on anticipated cooperation from your personnel, the assumption that all requested materials will be available to us at the first day of fieldwork, and the assumption that unexpected circumstances will not be encountered during the audit. It also assumes that internal controls are documented appropriately so that we can evaluate your compliance with the new risk assessment standards that are required as part of your 2008 financial statements. 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.

Invoices for these fees will be rendered each month as work progresses and are payable on presentation. A charge of 1.5% per month shall be imposed on accounts not paid within 30 days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of termination.

Our fees are based on known circumstances at the time of this agreement. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at your organization, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs, or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures. This agreement currently includes all auditing standards through Statement on Auditing Standards (SAS) No. 114 – *"The Auditor's Communication With Those Charged With Governance,"* all accounting standards through Governmental Accounting Standards Board (GASB) No. 47 – *"Accounting for Termination Benefits,"* excluding GASB No. 43 – *"Financial Reporting for Postemployment Benefit Plans other than Pension Plans"* and GASB No. 45 – *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions,"* and the current federal and state single audit guidance.

January 31, 2008

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The following SAS's are outstanding:

None

The following GASB's are outstanding:

*GASB No. 49-Accounting and Financial Reporting for Pollution Remediation Obligations. Effective for periods beginning after December 15, 2007.*

*GASB No. 50-Pension Disclosures - An amendment of GASB Statements No. 25 and No. 27. Effective for periods beginning after June 15, 2007.*

*GASB No. 51-Accounting and Financial Reporting for Intangible Assets.. Effective for periods beginning after June 15, 2009.*

The following GASB's are proposed:

*Derivatives to be issued in the 2nd quarter of 2008.*

*Fund Balance Reporting and Governmental Fund Type Definitions. To be issued in the 3rd quarter of 2008.*

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course be happy to provide the District with any other services you may find necessary or desirable.

#### **Release and Indemnification**

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than three years after the act, event or service that is subject of such action or more than one year after discovery of such act, error, or omission, whichever occurs first.

Because of the importance of oral and written representations to an effective audit, the District releases Virchow, Krause & Company, LLP and its personnel from any and all claims, liabilities costs and expenses attributable to any knowing misrepresentation by management.

In no event shall Virchow, Krause & Company, LLP be liable to the District, whether a claim be in tort, contract or otherwise for any consequential, indirect, lost profit or similar damages relating to Virchow, Krause & Company, LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Virchow, Krause & Company, LLP relating to such services.

### **Resolution of Disagreements**

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the District and Virchow, Krause & Company, LLP agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement.

### **Other Matters**

Virchow, Krause & Company, LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

In the event we are requested or authorized by the District, or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The District agrees that it will not, directly or indirectly, agree to assign or transfer any claim against Virchow, Krause & Company, LLP arising out of this engagement to anyone.

Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees to Virchow, Krause & Company, LLP, it is hereby agreed that the District will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Virchow, Krause & Company, LLP for a period of twelve months following the date of conclusion of this engagement. If the District violates this non-solicitation clause, the District agrees to pay to Virchow, Krause & Company, LLP a fee of 30% of the hired individual's new annual compensation within 30 days of such event.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreement contained in this engagement letter shall survive the completion or termination of this engagement.

We appreciate the opportunity to be of service to the District 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 as described in this letter, please sign the enclosed copy and return it to us.

It is a pleasure to be of service to you. We look forward to many years of pleasant association with you and the District. Please contact John Rossi if you have any questions or concerns.

Sincerely,

VIRCHOW, KRAUSE & COMPANY, LLP

*Virchow, Krause & Company, LLP*

\*\*\*\*\*  
Accepted By: *John Rossi*  
Date: \_\_\_\_\_

**Glen Ellyn School District 41**  
**Board of Education**  
**March 10, 2008**  
**Regular Meeting**  
**Destruction of Closed Meeting Audio Recordings**

**Superintendent's Recommendation:**

**Destruction of Closed Meeting Audio Recordings,** The Board approve for destruction, the following audio recordings of closed session minutes that are at least 18 months old and for which approved minutes of the closed meeting already exist: March 13, 2006, March 20, 2006, March 20, 2006 (Reconvened), April 3, 2006, April 6, 2006, April 7, 2006, April 8, 2006, April 10, 2006, April 11, 2006, April 12, 2006, April 15, 2006, April 17, 2006, May 15, 2006, May 18, 2006, May 22, 2006, May 25, 2006, May 30, 2006, June 6, 2006, June 15, 2006, June 26, 2006 Regular, June 26, 2006 Special, July 17, 2006, July 27, 2006, August 3, 2006