



## EVANS, MARSHALL & PEASE, P.C.

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October 11, 2016

To the Board of Education  
Gavin School District No. 37

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gavin School District No. 37 for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gavin School District No. 37 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Gavin School District No. 37's financial statement was:

In accordance with GASB No. 68 & 71, actuarial valuations were conducted for the Net Pension Liability of the Teachers Retirement System (TRS) and the Illinois Municipal Retirement Fund (IMRF) pension plans, independently and separate from each other. The respective estimated liabilities and expenses from both actuarial valuations were incorporated into the notes to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The following materially sensitive disclosures affect the financial statements.

In accordance with GASB No. 68 & 71, actuarial valuations were conducted for the Net Pension Liability of the Teachers Retirement System (TRS) and the Illinois Municipal Retirement Fund (IMRF) pension plans, independently and separate from each other. The respective pension plans provided template disclosures for which the actuarial valuation calculations were added for disclosure purposes.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 11, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to other information as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquires 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 did not audit the other information and do not express an opinion or provide any assurance on the other information.

### Restriction on Use

This information is intended solely for the use of the Board of Education and management of Gavin School District No. 37 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Evans, Marshall & Pease, P.C.*

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