

April 3, 2013

To the Members of the Board of Education
Oak Park School District 97
970 West Madison Street
Oak Park, Illinois 60302

Attention: Board of Education

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of for the Oak Park School District 97 ("District"), which comprise governmental activities, each major fund and aggregate remaining fund information as of and for the year-ended June 30, 2013 which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the District as of June 30, 2013, so as to satisfy the audit requirements imposed by the Single Audit Act and the U. S. Office of Management and Budget (OMB) Circular No. A-133.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), "Government Auditing Standards" issued by the Comptroller General of the United States ("GAS") and the provisions of the Single Audit Act, OMB Circular A-133, and OMB's Compliance Supplement; the AICPA Audit Guide, Audits of State and Local Governmental Units; and, the Illinois State Board of Education's publication, "Guide to Auditing and Reporting for Illinois Public Local Education Agencies". Those standards, circulars, and supplements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Education (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the District and that are to be included as part of our audit are listed here:

Governmental Fund Types
General Fund
Special Revenue Fund
Debt Service Fund
Capital Projects Fund
Fiduciary Fund Types
Agency Funds

The federal financial assistance programs and awards that you have told us that the District participates in and that are to be included as part of the single audit are listed as attachment A.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

- d. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us 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;
- e. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package(s);and
- f. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit;
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
 - (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes 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 financial statements taken as a whole.

Management is responsible for identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Management is responsible for the preparation of the required supplementary information and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the

audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Education is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

The District agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the District agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The District agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

We agree that our association with any proposed offering is not necessary, providing the District agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The District agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

McGladrey LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP also has not performed any procedures relating to this official statement or memorandum.

Because McGladrey LLP will rely on the District and its management and Board of Education to discharge the foregoing responsibilities, the District holds harmless and releases McGladrey LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the District's management which has caused, in any respect, McGladrey LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Oak Park School District 97's Records and Assistance

If circumstances arise relating to the condition of the District's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the District's books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the District's personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Therese O'Neill, Assistant Superintendent of Finance and Operations. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including:

- Preparation of the financial statements and other reports based on financial information in the trial balances.
- Posting of client-approved entries to the District's trial balances.
- Posting of proposed standard, adjusting, or correcting entries or other changes to the financial statements and the trial balances provided that a member of management review the entries and that management understands and agrees with the proposed entries and the impact the entries have on the financial statements.

The independence standards of GAS require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the District, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The District has agreed that Therese O'Neill, Assistant Superintendent of Finance and Operations, possesses suitable skill, knowledge, or experience and that the individual understands the above services to be performed sufficiently to oversee them. Accordingly, the management of the District agrees to the following:

1. The District has designated Therese O'Neill, Assistant Superintendent of Finance and Operations a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.
2. Therese O'Neill, Assistant Superintendent of Finance and Operations will assume all management responsibilities for subject matter and scope of the services listed above.
3. The District will evaluate the adequacy and results of the services performed.
4. The District accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management (and those charged with governance) of the District of the objectives of the non-audit service, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by McGladrey LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

In accordance with Government Auditing Standards, a copy of our most recent peer review report is enclosed, for your information.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee for the services described in the letter will not exceed \$53,500**. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from District personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

**The fee quote above includes the Federal Single Audit, and assumes that two major programs will be tested for the year ended June 30, 2013. For each additional major program requiring testing we will charge \$3,000 - \$3,500, depending on the complexity of the program. We will discuss with Therese O'Neill if the need arises to test additional major programs prior to performing that testing for agreement.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the District agrees it will compensate McGladrey LLP for any additional costs incurred as a result of the District's employment of a partner or professional employee of McGladrey LLP.

In the event we are requested or authorized by the District or are required by government regulation, subpoena, or other legal process to produce our documents 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 requests.

The documentation for this engagement is the property of McGladrey LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of McGladrey LLP audit personnel and at a location designated by our Firm.

Claim Resolution

The District and McGladrey LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGladrey LLP or the date of this arrangement letter if no report has been issued. The District waives any claim for punitive damages. McGladrey LLP's liability for all claims, damages and costs of The District arising from this engagement is limited to the amount of fees paid by The District to McGladrey LLP for the services rendered under this arrangement letter.

Reporting

We will issue a written report upon completion of our audit of The District's financial statements. Our report will be addressed to the Board of Education of The District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on The District's financial statements, we will also issue the following types of reports:

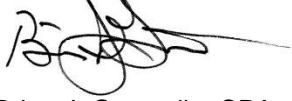
- A report on the fairness of the presentation of the District's schedule of expenditures of federal awards for the year ending June 30, 2013.
- Reports on internal control related to the financial statements, and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by OMB Circular A-133, on each major program.
- A schedule of findings and questioned costs.
- Annual Financial Report for the submission to the Illinois State Board of Education (Form IBSE 50-30). The responsibility we are to take for the material included in this report will be the same as that we assume for other supplementary information accompanying the financial statements.

This letter constitutes the complete and exclusive statement of agreement between McGladrey LLP and the District, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Board of Education
Oak Park School District 97
April 3, 2013
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Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGladrey LLP



Brian J. Guastella, CPA
Director

Confirmed on behalf of Oak Park School District 97:

Peter Barber, Board of Education President

Date

Dr. Albert G. Roberts, Superintendent

Date

Ms. Therese O'Neill, Assistant Superintendent
for Finance and Operations

Date

ATTACHMENT A

Federal financial programs the Oak Park School District 97 participates in that are to be included as part of the single audit are as follows:

<u>CFDA Number</u>	<u>Title of Program</u>
10.555	Food Commodities
10.555	Fresh Fruits and Vegetables
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010A	Title I Low Income
84.010A	Title I Low Income – Neglected Privilege
84.027A	IDEA Flowthrough
84.173A	IDEA Preschool
84.186A	Title IV: Safe & Drug Free Schools
84.367A	Title II Teacher Quality
93.778	Medicaid Matching