

Oak Park Elementary School District 97

Report to the Board of Education

October 13, 2014



McGladrey LLP

One South Wacker Dr., Ste. 800
Chicago, IL 60606
O 312.634.3400 F 312.634.5529
www.mcgladrey.com

Report Date

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

Attention: Board of Education

We are pleased to present this report related to our audit of the basic financial statements and compliance of Oak Park Elementary School District 97 ("District") for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Oak Park Elementary School District 97.

Contents

Required Communications	1 – 2
Summary of Significant Accounting Estimates	3
Exhibit A – Significant Written Communication Between Management and Our Firm	
Representation Letter	

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated May 20, 2014.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, <i>Items previously recorded as Assets</i> during the current period. The impact of implementing this statement resulted in a restatement of the beginning net position for governmental activities of \$103,829. Adoption and restatement is further described in Note 1 of the financial statements.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
Audit Adjustments	Audit adjustments proposed by us and recorded by the District are included as Appendix A of the representation letter, which is attached under Exhibit A.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the representation letter, which is attached under Exhibit A.

Area	Comments
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of a significant written communication between our firm and the management of the District, the representation letter provided to us by management, is attached as Exhibit A.

**Oak Park Elementary School District 97
Summary of Significant Accounting Estimates
Year Ended June 30, 2014**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2014, basic financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Incurred But Not Reported Health Insurance Claims	The District is self-insured, which requires management to make accounting estimates for costs the District has incurred or for which third parties have asserted the District is responsible.	The District establishes the self-insurance accrual to reserve for payments required in future periods based on historical cost information, subsequent information, and management's knowledge of certain pending claims.	We discussed the nature and propriety of the accrued self-insurance estimate with management. We obtained and reviewed all documentation and other evidence to support the accounting treatment. We perform a retrospective review over the claims incurred during the prior year paid during the current year. We compare this amount to the liability accrued for as of the prior year-end. Management's estimation process for this liability is appropriate.
Postemployment obligations	The District accounts for postemployment obligations and related reporting requirements in accordance with GASB 45. This requires that certain assumptions be made to calculate the funded status of the plan, the fair value of the assets, the related service costs, and the projected benefits to the participants.	The District uses an actuary to calculate a liability using participant and census data that the District provides to an actuary to perform this calculation. The actuary also determines the annual required contributions.	We obtained the actuarial report directly from the actuary and reviewed the report and assumptions used for reasonableness. We also reviewed the census data provided to the actuary and compared to the District's records. The process to calculate and recognize the liability appears reasonable.

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION
--SUBJECT TO CHANGE--
NOT TO BE REPRODUCED

**Exhibit A – Significant Written Communication Between Management
and Our Firm**

[LETTER DATE]

McGladrey LLP
One South Wacker Dr., Ste. 800
Chicago, IL 60606

This representation letter is provided in connection with your audit of the basic financial statements of Oak Park Elementary School District 97 ("District") as of and for the year ended June 30, 2014 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 20, 2014, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Interfund transactions, including interfund transfers, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We agree with the findings of specialists in evaluating the District's postemployment benefit obligation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an

attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed.
10. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.
11. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance.
12. We have informed you of all uncorrected misstatements.

As of and for the Year June 30, 2014

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Nonmajor Governmental Funds				
	Effect — Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditure
Non-reversed opening fund balance misstatements	\$ -	\$ -	\$ -	\$ -	\$ -
To remove actual 2013 expense from the current year	-	-	5,480	-	(5,480)
To remove projected 2013 expenses from the current year	-	-	17,139	-	(17,139)
Total Effect				\$ -	\$ (22,619)
Balance Sheet Effect	\$ -	\$ -	\$ 22,619		

Description	General Fund				
	Effect — Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditure
Non-reversed opening fund balance misstatements	\$ -	\$ -	\$ -	\$ -	\$ -
To remove actual 2013 expense from the current year	-	-	41,185	-	(41,185)
To remove projected 2013 expenses from the current year	-	-	164,001	-	(164,001)
Total Effect				\$ -	\$ (205,186)
Balance Sheet Effect	\$ -	\$ -	\$ 205,186		

Description	Government-Wide				
	Effect — Increase (Decrease)				
	Assets	Liabilities	Net Position	Revenue	Expenditure
Non-reversed opening net position misstatements	\$ -	\$ -	\$ -	\$ -	\$ -
To remove actual 2013 expense from the current year	-	-	46,665	-	(46,665)
To remove projected 2013 expenses from the current year	-	-	181,140	-	(181,140)
Total Effect				\$ -	\$ (227,805)
Statement of Net Position Effect	\$ -	\$ -	\$ 227,805		

Information Provided

13. We have provided you with:

- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud, affecting the District's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, analysts, regulators, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which there are none.
21. We are aware of no significant deficiencies nor material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize, and report financial data.
22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

23. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will 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.
24. With respect to management discussion and analysis, schedules of funding progress and general fund budget to actual schedule presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
25. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm that management:

1. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
2. Is aware of no instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
3. Is aware of no instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
4. Is aware of no instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
5. There has been no fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse.
6. Has a process to track the status of audit findings and recommendations.
7. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.
9. Has reviewed, approved and takes full responsibility for all adjustments identified in Appendix A.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

1. Management is responsible for complying, and has complied, with the requirements of Circular A-133.

2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
4. Management has prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
5. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
6. Management has made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
7. Management is aware of no amounts questioned or noncompliance with the direct and material compliance requirements of federal awards.
8. Management believes that the auditee has complied with the direct and material compliance requirements.
9. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
10. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations, if any.
11. Management is aware of no communications from grantors or pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
12. Management is aware of no prior audit findings.
13. Management is aware of no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
14. Management is aware of no noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.
15. Management is aware of no changes in internal control over compliance or other factors that might significantly affect internal control that have occurred subsequent to the date as of which compliance is audited.

16. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
17. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
18. Management has charged costs to federal awards in accordance with applicable cost principles.
19. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
20. Management has accurately completed the appropriate sections of the data collection form.

Oak Park Elementary School District 97

Dr. Albert G. Roberts, Superintendent

Ms. Therese O'Neill, Assistant Superintendent