

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

Oak Park Elementary School District 97

Report to the Board of Education
Report Date

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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, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting and compliance 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.

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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 27, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
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. 68, <i>Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27</i>, during the current period. The impact of implementing this statement resulted in a restatement of the beginning net position for governmental activities of \$5,455,886, as well as significant changes to the related financial statement disclosures and required supplementary information. 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>

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by the District are included as Appendix A of the representation letter, which is attached within Exhibit A.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
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 were 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, 2015**

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, 2015 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 performed a retrospective review over the claims incurred during the prior year paid during the current year. We compared 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.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Net Pension Liability	The District records the net pension liability for each retirement program in which District employees participate. At June 30, 2015, District employees participated in one of two plans, the Illinois Municipal Retirement Fund (IMRF), or the Teachers Retirement System (TRS).	The District receives from each pension fund an actuarial report providing the net pension liability as well as the related amounts, such as the annual service cost and deferred inflows or outflows related to changes in the actuarial assumptions. Management reviews these reports for accuracy.	We obtained the actuarial reports and supporting schedules and reviewed the assumptions for reasonableness. We also reviewed the census dated provided to the pension funds from the District and compared to District records. The method used by the District to calculate the net pension liability appears reasonable.

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