

Subject: Amended Budget concerns / GASB compliance
From: Kelli MacMillan <macmillank@mokena159.org>
Date: 5/16/2025, 3:48 PM
To: Steve Stein <steins@mokena159.org>
BCC: School Board <schoolboard@mokena159.org>

Steve,

I am writing to formally express concerns regarding the amended budget scheduled for hearing / presentation to the Board and the public. Upon reviewing the documentation and financial reports, I have identified several areas where the district's current budgeting and reporting practices appear misaligned with GASB requirements and lack the transparency and accuracy necessary for responsible fiscal oversight. I previously disclosed these concerns via emails and verbally, most recently at the Finance Committee meeting on 5/12/25.

The tentative amended budget form, currently posted for public review, does not correlate to the skyward financial reports or the slide presentation in boardbook. These inconsistencies prevent the Board from having a reliable, unified picture of the district's financial position and violate GASB's principles of transparency and comparability.

As of now, 37 line items have exceeded 100% of their FY25 budgeted amounts without corresponding adjustments in the amended budget. An additional 20 line items are projected to exceed the budget based on monthly trends, with two months remaining in the fiscal year. These are also not accounted for in the amended budget, undermining its credibility as a projection tool. This is a major concern for the board, with no formal explanation or disclosure of overages from management.

During the finance committee meeting on May 12, 2025, management disclosed that several correcting journal entries have not yet been posted. These entries are apparently needed to reallocate expenditures to their appropriate budget lines. We are now ten months into the fiscal year, yet these corrections remain outstanding, and the amended budget was presented to the Board and public without incorporating these

adjustments. This delay calls into question the district's internal financial processes and raises serious concerns about the reliability of the data being used to prepare the amended budget.

The district is presenting an unbalanced budget while asserting that a deficit reduction plan is not required, but this has not been discussed in detail with the Board or disclosed to the public, leaving the Board unable to fulfill its fiduciary duties or respond to public concerns. At the public meeting two months ago, I'd requested detailed explanation on the deficit position be presented to the board, which management agreed to provide but has not occurred.

GASB Statement No. 34 – Paragraph 11 - requires management to explain significant variations between final budget and actual results. By not revising over-budget line items or acknowledging pending overages, the amended budget fails to meet this standard. Management does not provide the board details on over budget line items.

GASB Statement No. 41 – Budgetary Comparison Schedules - requires accurate comparisons of actual results against original and final budgets. The amended budget does not reflect actual spending patterns and omits necessary revisions, impeding transparency.

GASB Concepts Statement No. 1 – Paragraphs 77–78 - financial reporting must support users in evaluating service costs and the government's ability to sustain service delivery. An amended budget that omits known overages and fails to reflect true expenditure trends undermines this core objective.

GASB Statement No. 54 – Fund Balance Reporting - requires transparent and accurate reporting of fund uses and availability. Overdrawn lines without appropriate adjustments may lead to unauthorized use of fund balances not disclosed to the Board.

As the Superintendent, you are ultimately accountable for ensuring that the district's financial reporting is accurate, complete, and compliant with applicable standards.

Given the concerns, I respectfully request a written response to the board of education

addressing the following:

1. When will the Board receive a revised amended budget that accurately reflects year-to-date expenditures and reliable projections for the remainder of the fiscal year?
2. What internal financial controls are in place to prevent expenditures from exceeding approved budget amounts, and how are those being enforced?
3. Why has the district not initiated a deficit reduction plan or discussed the implications of the unbalanced budget with the Board?

I believe it is essential that we address these concerns with urgency to maintain the integrity of our financial reporting and our obligation to the public we serve.

Sincerely,
Kelli MacMillan