

LEMONT TOWNSHIP HIGH SCHOOL DISTRICT NO. 20, ILLINOIS

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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December 1, 2025

Members of the Board of Education
Lemont Township High School District No. 210
Lemont, Illinois

In planning and performing our audit of the financial statements of the Lemont Township High School District No. 210 (the District), Illinois, for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Superintendent and senior management of the Lemont Township High School District No. 210, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire District staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS

Comment

Recently, we have noted the increasing importance of information technology (IT) security for school districts. While we did not identify a specific security breach during our auditing procedures, we have noted increased risks to school districts in the following areas of IT security:

- Ransomware and Phishing Attacks - Increasingly targeted at school districts due to limited IT staffing and valuable public data.
- Multi-Factor Authentication (MFA) - This is now considered a minimum standard of protection for access to email, financial systems and remote logins.
- Vendor and Third-Party Risk - Cloud service providers, software vendors, and contractors may present risks if not adequately monitored.
- Data Backup and Recovery - Secure, tested backups are critical to minimize downtime and financial loss in the event of an incident.
- Staff Awareness and Training - Many breaches in school districts occur due to human error; regular training and simulated testing can help reduce exposure.

Recommendation

We recommend that the District continue to increase awareness around IT security issues by:

- Engaging in ongoing monitoring of cyber security trends affecting school districts.
- Incorporating regular staff training on phishing and other social engineering tactics.
- Periodically reviewing policies for password strength, MFA, and incident response.
- Ensuring vendor contracts address security standards and data protection.
- Testing data backup and recover plans on at least an annual basis.

By increasing awareness and preparedness, the District can reduce the likelihood of a security incident, protect sensitive constituent and financial data, and help to ensure continuity of operations.

Management Response

Management acknowledges this comment and will continue to monitor and strengthen IT security efforts.

PRIOR RECOMMENDATIONS

1. COMMINGLED CASH

Comment

Previously and during our current year-end audit procedures, we noted that the District's commingled cash allocations between various funds resulted in significant positive and negative cash balances.

There are many advantages to cash commingling, such as increasing the funds available for investment opportunities. However, the allocation process should represent accurately each funds' percentage ownership of the cash balance.

Recommendation

We recommended that the District review the process for allocation of the commingled cash balances and adjust the balances as appropriate.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

2. CAPITAL ASSET POLICY AND APPRAISAL

Comment

Previously and during our current year-end audit procedures, we noted the District does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets. In addition, the District was not able to provide a listing of additions and deletions, as well as the calculations used for depreciation.

Recommendation

We recommended that the District amend their capital asset policy to include useful lives of new assets. As part of updating the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommended the District undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy. Additionally, as part of this process we recommended land be inventoried and valued at its estimated fair value on the date donated.

Status

The District has implemented a capital asset policy but has yet to have a capital asset appraisal, therefore the appraisal portion of this comment will be repeated.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS - Continued

3. **FUNDS OVER BUDGET**

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had excess of actual expenditures over budget for the previous fiscal year and current fiscal year:

Fund	2024	2025
Educational Account - General	\$ 45,608	813,606
Operations and Maintenance	58,516	—
Transportation	45,877	—
Tort Immunity	11,910	34,235
Debt Services	182,255	174,826

Recommendation

We recommended the District investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Expenditures within the Educational Account - General Fund are attributed to student activity expenditures, which are incorporated into the Educational Account within the annual financial report but are excluded from the Educational Account annual budget. The overspending in the Debt Service Fund is attributable to GASB 87. The related expenditures were allocated within the Transportation Fund's budget but were journaled to the Debt Service Fund. Management will work to correct this in the coming year.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the District's financial statements for the year ended June 30, 2026.

2. **GASB STATEMENT NO. 104 DISCLOSURE OF CERTAIN CAPITAL ASSETS**

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*, which provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for (1) Certain types of capital assets to be disclosed separately in the capital assets note disclosures, and (2) Capital assets held for sale, including additional disclosures for those capital assets. GASB Statement No. 104, *Disclosure of Certain Capital Assets* is applicable to the District's financial statements for the year ended June 30, 2026.