bakertilly

Reporting and insights from the 2026 audit:

Lake Bluff Elementary School District 65

June 30, 2026



Executive summary

September 15, 2026

Board of Education
Lake Bluff Elementary School District 65
65121 East Sheridan Place
Lake Bluff, IL

We have completed our audit of the financial statements of Lake Bluff Elementary School District 65 for the year ended June 30, 2026, and have issued our report thereon dated September 15 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your District's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Lake Bluff Elementary School District 65 should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Nick Cavaliere, Principal, CFE, CPA: n.cavaliere@bakertilly.com or +1 (630) 645 6244
- Anna Wiszowaty, Senior Manager, CPA: anna.wiszowaty@bakertilly.com or +1 (630) 645 6238

Sincerely,

Baker Tilly US, LLP



Nick Cavaliere, Principal, CFE, CPA

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS. NONATTEST SERVICES ARE PROVIDED BY BAKER TILLY ADVISORY GROUP, LP.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the District's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
    - Are free from material misstatement
    - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*.
- Our audit does not relieve management or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Internal control matters
- Qualitative aspects of the District's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the District and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the District's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the district are described in Note 1 to the financial statements. As described in Note 3, the District changed accounting policies related to financial reporting by adopting GASB issued Statement No. 103, Financial Reporting Model Improvements in 2026. We noted no transactions entered into by the District during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension liability and related deferrals	Evaluation of information provided by Illinois Municipal Retirement Fund and other actuarial studies	Reasonable in relation to the financial statements as a whole
Net/Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation/Amortization	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Leased assets/liabilities	Evaluation of leases by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole
State of Illinois on-behalf payments	Evaluation of information provided by the Teacher's Retirement System and the Teacher's Health Insurance Security Fund	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the District or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the attachments summarizes the uncorrected misstatements that we presented to management, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have had a significant effect on the District's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited basic financial statements

The District's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The District can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the District's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the District that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the District's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompanies the financial statements. We did not audit or perform other procedures on the introductory and statistical sections, and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting and conversion journal entries
- Compiled regulatory reports
- Compilation of capital asset additions and estimate depreciation expense and accumulated depreciation amounts for the sole purpose of preparing financial statements

In addition, as part of the financial statement preparation we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at https://www.bakertilly.com/insights/audit-committee-resource-page.



Capital project oversight

Public sector capital projects face increasing pressure from cost escalation, supply chain disruption, regulatory complexity and heightened scrutiny around transparency and accountability. Strong planning, governance and controls are critical across the full project life cycle, from feasibility and funding strategy through execution and closeout.

Independent oversight helps chart a clear course from planning to delivery. Our teams work alongside leadership to strengthen governance, establish financial and contractual controls, align funding with project goals and monitor performance throughout execution, helping projects stay on schedule, within budget and aligned with community priorities.



Succession planning

An aging workforce, rising retirement rates and competition for specialized talent make succession planning a fiscal and operational priority for public sector organizations.

By identifying critical roles, assessing workforce risk, building internal talent pipelines and integrating succession planning with broader workforce strategies, Baker Tilly helps organizations preserve institutional knowledge and maintain continuity, today and into the future.



Economic development

Successful economic development depends on disciplined planning, sound financial analysis and coordinated execution. Public sector leaders must balance incentives, infrastructure investment, funding opportunities and stakeholder priorities while maintaining fiscal responsibility.

Baker Tilly supports local governments with strategic and financial planning, incentive structuring and negotiation, tax increment financing administration, project financing, grant strategy, and economic and fiscal impact analysis. This integrated approach helps leaders move from vision to action, strengthening communities and advancing sustainable, long-term growth.

Management representation letter

LAKE BLUFF SCHOOL DISTRICT 65
Finance & Operations DEPARTMENT

September 15, 2026

Baker Tilly US, LLP
311 N Greet Street Suite 600
Chicago, Illinois 60607

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Lake Bluff Elementary School District 65 as of June 30, 2026 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Lake Bluff Elementary School District 65 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 11, 2026, including our responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America U.S. GAAP.

2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3) 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

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Fax: 847.234.9403
Lake Bluff School District 65
121 E. Sheridan Place
Lake Bluff, IL 60044
jkahn@lb65.org

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with accounting principles generally accepted in the United States of America U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

9) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole.

10) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.

11) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

12) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

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 financial records and related data, 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 entity from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Lake Bluff Elementary School District 65 or summaries of actions of recent meetings for which minutes have not yet been prepared.

14) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

17) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) Lake Bluff Elementary School District 65 has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.

22) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

23) There are no:

    a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

    c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

24) As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements.

25) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, as identified in the engagement letter or an addendum to the engagement letter. We have designated Jay Kahn, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

The nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, are listed below.

a) Financial statement preparation

b) Adjusting and conversion journal entries

c) Compiled regulatory reports

d) Compilation of current year capital asset additions and estimated depreciation for the sole purpose of financial statement presentation

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26) Lake Bluff Elementary School District 65 has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) Lake Bluff Elementary School District 65 has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

28) The financial statements properly classify all funds and activities.

29) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

30) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

31) Lake Bluff Elementary School District 65 has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

32) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

34) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

37) Tax-exempt bonds issued have retained their tax-exempt status.

38) We have evaluated and identified any legally enforceable asset retirement obligations. We assume responsibility for, and agree with, the findings of specialists in measuring the asset retirement obligations. We 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 impact on the independence or objectivity of the specialists.

39) We have appropriately disclosed Lake Bluff Elementary School District 65's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

41) With respect to the supplementary information, (SI):

    a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b) If the SI 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 we issue the supplementary information and the auditor's report thereon.

42) We assume responsibility for, and agree with, the findings of specialists in evaluating the Other Post Employment Benefits 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 impact on the independence or objectivity of the specialists.

43) We assume responsibility for, and agree with, the information provided by the Illinois Municipal Retirement Fund and Teachers Retirement System as audited by their auditors relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

44) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.

45) We have implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with this Standard.

Sincerely,

Lake Bluff Elementary School District 65

Signed: _____
Dr. Lisa Leali - Superintendent of Schools

Signed: _____
Jay Kahn – Chief School Business Official

Lake Bluff Elementary School District 65
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

June 30, 2026

	Financial Statements Effect - Debit (Credit) to Financial Statement Total					
	Total Assets/ Deferred Outflows	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances	Beginning Net Position
Governmental Activities	-	179,352	(179,352)	(70,543)	(70,543)	(108,810)

Accounting changes relevant to Lake Bluff Elementary School District 65

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
105	Subsequent events	☑	6/30/27

Further information on upcoming GASB pronouncements.

Updated guidance for the financial reporting of subsequent events

GASB Statement No. 105, *Subsequent Events, which supersedes GASB Statement No. 56*, is intended to enhance consistency in the application of requirements for subsequent events.

The Statement defines subsequent events as transactions or other events that occur after year end but before the date the financial statements are available to be issued. The date the financial statements are available to be issued is the date at which (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP) and (b) approvals necessary for issuance have been obtained, or typically the opinion date. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature.

The Statement also clarifies:

- The different types of subsequent events (recognized and nonrecognized events)
- When note disclosures are required
- The information that should be included in those note disclosures

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

    - Identify types of potential misstatements
    - Consider factors that affect the risks of material misstatement
    - Design tests of controls, when applicable and substantive procedures

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.

d. We anticipate that the District will receive an unmodified opinion on its financial statements.

e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

f. Have you had any significant communications with regulators or grantor agencies?

g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?

We also need to know if you have taken action in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of May - June, and sometimes early in July. Our final financial fieldwork is scheduled during the late summer or fall to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.



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