

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Education of
Benjamin School District 25

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Benjamin School District 25 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Oak Brook, Illinois
October 1, 2025

Benjamin School District 25

Schedule of Findings and Responses
Year Ended June 30, 2025

Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2025-001: Internal Control Over External Financial Report - Cash Basis Adjustments

Criteria: Governmental entities that prepare financial statements in accordance with the cash basis of accounting are expected to maintain adequate internal controls to ensure that transactions are recorded accurately and completely, and that financial statements are free from material misstatement.

Condition: The external auditor identified several material audit adjustments that were necessary to properly present the District's financial statements in accordance with the modified cash basis of reporting. These adjustments included corrections to cash and investment balances, transfers between funds, revenue recognition, and expenditure recognition that were not recorded accurately by the District.

Cause: The material adjustments were primarily due to insufficient internal review of financial records prior to audit.

Effect: The need for material audit adjustments indicates that the District's internal controls over financial reporting are not operating effectively. The following material cash basis adjustments were identified:

An adjustment was identified to record \$497,968 of bond issuance proceeds for capitalized interest received by the District that was not recorded in the District's Debt Service Fund.

An adjustment was identified to record a transfer of \$837,608 from the Operations and Maintenance Fund to the Capital Projects Fund that was approved by the Board of Education and not recorded within the District's accounting records.

An adjustment was identified to record \$200,207 of principal and interest payments within the Debt Service Fund that was paid by the District during the year. These amounts related to the Series 2018 General Obligation Bonds and an entry was not recorded within the accounting records for this transaction.

An adjustment was identified to record the transfer of \$20,367 of interest earned in the Debt Service Fund to the Operations and Maintenance Fund into the proper account functions as required by the Illinois State Board of Education for external reporting purposes.

An adjustment was identified to correct and reverse an adjustment journal entry recorded by District personnel to increase cash and fund balance within the General Fund incorrectly by \$1,562,569. This increases the risk of misstatements in the financial statements and may impact the reliability of financial information used for decision-making.

Recommendation: We recommend that the district implement additional training for accounting staff and enhance its internal review processes to identify and correct errors before financial information is provided to the external auditor to conduct the annual audit and assist in the preparation of the financial statements.

Management's Response: The District has established internal controls over financial reporting and year-end closing procedures; however, the material audit adjustments identified during the audit indicate that those controls did not fully capture all necessary transactions. Specifically, the District recognizes the need for a more effective method to identify missed or omitted transactions prior to audit. To address this, management is evaluating enhancements to its review process, including implementing additional checklists and reconciliation steps during the year-end close.

Benjamin School District 25

Schedule of Findings and Responses
Year Ended June 30, 2025

Finding 2025-002: Bank Reconciliations

Criteria: Governmental entities are expected to maintain effective internal controls over financial reporting, including the timely preparation and review of bank reconciliations for all cash and investment accounts. Reconciliations should be performed monthly, with all reconciling items investigated and resolved promptly to ensure accurate financial reporting and safeguarding of assets.

Condition: The District did not prepare bank reconciliations for its investment accounts during the fiscal year. As a result, there was no documented process to verify the accuracy of the account balance or to identify and resolve discrepancies.

Cause: The lack of reconciliations appears to be due to oversight and the absence of formal procedures requiring monthly reconciliation of the investment accounts. Additionally, there may have been a misunderstanding regarding the need to reconcile investment accounts separately from operating bank accounts.

Effect: Not reconciling the PMA investment account increases the risk of undetected errors, misstatements in financial reporting, and potential misappropriation of funds. As a result of this material deposits and disbursements that were authorized by the District were not recorded and this unrecorded bank activity was not detected, and corrected, within the District's accounting records.

Recommendation: We recommend that the District implement procedures to ensure that all bank and investment accounts are reconciled on a monthly basis and reviewed by appropriate personnel.

Management's Response: To address this issue, the District will start a formal reconciliation over all investment accounts. Specific personnel have been assigned responsibility for preparing and reviewing these reconciliations, with clear documentation and approval protocols. Additionally, internal reviews of reconciliation completeness and accuracy will be conducted monthly to ensure compliance.