

DUPAGE COUNTY SCHOOL DISTRICT 45, ILLINOIS  
MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2025

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December 2, 2025

Members of the Board of Education  
DuPage County School District 45  
Villa Park, Illinois

In planning and performing our audit of the financial statements of the DuPage County School District 45 (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 of Education, finance committee, and management of the DuPage County School District 45, 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 RECOMMENDATIONS**

### **1. IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS**

#### Comment

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

- Ransomware and Phishing Attacks – Increasingly targeted at local 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 local 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 local 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.

### **2. OUTSTANDING CHECK WRITE-OFF POLICY**

#### Comment

During our current year-end audit procedures, we noted that the District does not have a formal policy for following up and processing old outstanding checks, which has resulted in several old outstanding checks being included in the bank reconciliations.

#### Recommendation

We recommend the District develop and implement an outstanding check policy that includes procedures to follow-up and subsequently how to process the outstanding checks. This policy should be in written form and should set specific instructions for these procedures including steps to be in compliance with State unclaimed property statutes. State unclaimed property statutes note that all checks that are greater than three years old are to be sent to the State of Illinois Treasurer along with the required forms.

#### Management Response

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

## PRIOR RECOMMENDATIONS

### 1. **CAPITAL ASSET POLICY**

#### 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.

#### Recommendation

We recommended that the District adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing 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 recommend 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

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. **FUNDS OVER BUDGET**

#### Comment

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

Fund	6/30/2024	6/30/2025
Educational Account - General	\$ 449,671	—
Tort Immunity Account - General	63,827	75,716
Transportation	267,765	671,522
Municipal Retirement/Social Security	62,801	43,380
Operations and Maintenance	—	46,569
Site and Construction	20,457	688,847

#### 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

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

## PRIOR RECOMMENDATIONS - Continued

### 3. **DEFICIT NET POSITION/FUND BALANCE**

#### Comment

Previously and during our current year-end audit procedures, we noted that the governmental activities had a deficit net position/fund balance:

Government-Wide Statements	6/30/2024	6/30/2025
Governmental Activities	\$ 18,657,834	16,764,734
Transportation	—	91,264

#### Recommendation

We recommended the District investigate the causes of the various deficits and adopt appropriate future funding measures.

#### Management Response

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

#### Status

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

### 4. **FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY**

#### Comment

Previously and during our current year-end audit procedures, we noted the following funds with fund balances that were not in compliance with the Board approved fund balance policy:

	Per 2024 AFR Expenditures	Fund Balance per AFR	Amount not in Compliance
Operating Expenditures			
Educational Account - General	\$ 49,146,662	6,164,851	
Working Cash Account - General	—	3,003,207	
Operations and Maintenance	4,238,550	3,342,273	
Transportation	3,899,922	316,844	
Total Operating Expenditures	57,285,134		
X's 35% per Policy	35%		
	20,049,797	12,827,175	7,222,622

**PRIOR RECOMMENDATIONS - Continued**

4. **FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY - Continued**

	Per 2025 AFR Expenditures	Fund Balance per AFR	Amount not in Compliance
Operating Expenditures			
Educational Account - General	\$ 50,068,051	4,937,162	
Working Cash Account -	—	3,085,646	
Operations and Maintenance	4,719,534	2,804,171	
Transportation	4,577,377	(91,264)	
Total Operating Expenditures	59,364,962		
X's 35% per Policy	35%		
	20,777,737	10,735,715	10,042,022

Recommendation

We recommended the District investigate the fund balances and adopt future budgets to address these items not in compliance.

Management Response

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

Status

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

## 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.