

LINCOLNWOOD SCHOOL DISTRICT 74, ILLINOIS MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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October 28, 2025

Members of the Board of Education
Lincolnwood School District 74
Lincolnwood, Illinois

In planning and performing our audit of the financial statements of the Lincolnwood School District 74 (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 senior management of the Lincolnwood School District 74, 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. **FUND WITH DEFICIT FUND BALANCE**

Comment

During our current year-end audit procedures, we noted the following fund with deficit fund balance.

| Fund | 6/30/2025 |
|---------------------------------|-----------|
| Fire Prevention and Life Safety | \$ 36,038 |

Recommendation

We recommend the District investigate the causes of the deficit and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and will work to correct in the future.

2. **IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS**

Comment

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

- Ransomware and Phishing Attacks – Increasingly targeted at schools 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 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 or cyber security trends affecting schools.
- 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 RECOMMENDATION

1. 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 previous fiscal year and current fiscal year:

| Fund | 6/30/24 | 6/30/25 |
|----------------------------|------------|-----------|
| Operations and Maintenance | \$ 219,524 | — |
| Transportation | 119,204 | — |
| Debt Service | 2,000 | — |
| Capital Projects | — | 1,240,043 |

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 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.