

## Executive Summary: FY25 Annual Financial Report (Audit)

Kyle DeMus from Benning Group, LLC will present the Annual Financial Report (AFR) for the prior fiscal year which ended on June 30, 2025. This annual audit is required by the Illinois School Code to ensure the financial integrity of the District's operations and compliance with state and federal regulations.

### Audit Opinions

The District received the following opinions from the auditors:

- **Regulatory Basis of Accounting: Unmodified Opinion.** This assurance indicates the financial statements fairly present the District's financial position in accordance with Illinois State Board of Education (ISBE) standards.
- **U.S. GAAP: Adverse Opinion.** This is a standard technical result for Illinois school districts that utilize cash-basis accounting (regulatory basis) rather than full accrual accounting. It does not indicate financial mismanagement, but rather a difference in accounting methodology required by the state versus national corporate standards.
- **Federal Compliance: Unmodified Opinion.** There were no findings of noncompliance regarding the District's major federal programs (Child Nutrition and Special Education Clusters).

### Financial Highlights (FY25)

- **Operating Performance:** The District experienced deficit spending in key operating funds this fiscal year.
  - **Educational Fund:** Revenues of \$18.98M vs. Expenditures of \$20.58M, resulting in a deficit of **(\$1.6M)**.
  - **Transportation Fund:** Revenues of \$1.27M vs. Expenditures of \$2.51M, resulting in a deficit of **(\$1.24M)**.
  - **Operations & Maintenance:** Revenues of \$2.41M vs. Expenditures of \$2.64M, resulting in a deficit of **(\$234k)**.
- **Fund Balances:** The total fund balance across all funds decreased from \$15.58M (June 30, 2024) to \$13.85M (June 30, 2025).
- **Long-Term Debt:** The District's total outstanding long-term debt stands at \$6.58M, with a legal debt margin of \$30.88M remaining.

### Audit Findings & Internal Controls

The audit identified two significant deficiencies in internal control. While these are not considered material weaknesses, they require corrective action:

1. **Finding 2025-001 (Financial Reporting):** Material audit adjustments were required to properly classify certain revenues, expenditures (specifically grants and capital outlay), and lease activities. The auditors recommended a more thorough year-end review process and stricter adherence to the Illinois Program Accounting Manual (IPAM).
2. **Finding 2025-002 (Payroll Liabilities):** The auditors noted that payroll liability accounts were not reconciled in a timely manner, requiring significant journal entries to correct. The District has

implemented a plan for regular Superintendent reviews of these reconciliations to prevent recurrence.

The Administration has reviewed these findings and agreed to the Corrective Action Plans included in the report.

**Recommendation**

I recommend the Board of Education consider the acceptance of the Annual Financial Report for the fiscal year ended June 30, 2025, as presented.