

Subject: Fwd: Amended Budget concerns / GASB compliance

From: Kelli MacMillan <macmillank@mokena159.org>

Date: 5/20/2025, 11:37 PM

To: Steve Stein <steins@mokena159.org>, School Board <schoolboard@mokena159.org>

Dear Superintendent and Board Members,

PLEASE DO NOT REPLY ALL - FOR DISCUSSION AT MEETING 5/21/25

I am writing to follow up on my email sent Friday, May 16, 2025, regarding significant concerns with the district's amended budget and its alignment with GASB requirements, transparency, and fiscal oversight. As of today, I have not received a response or acknowledgment from the administration or the Board.

Given the importance of these issues, I plan to share these concerns at tomorrow's public meeting to ensure transparency with our community. I will encourage members of the public to request a copy of my original email if they wish to understand the details further. My goal is to foster open dialogue and accountability, as these matters directly impact the district's financial integrity and our fiduciary responsibilities.

I am concerned about the timeline for addressing these issues. The Board approved the tentative amended budget on May 12, 2025, and the budget hearing is scheduled for June 18, 2025. Given the outstanding tasks—such as posting correcting journal entries, revising over-budget line items, and ensuring compliance with GASB standards— the Board needs the revised budget and related information at least 7-10 days prior to the June 18 hearing. Please note: my email was sent 5/16 before reviewing the financial reports for our meeting. The over budget lines have increased after reviewing the updated reports.

Will you be presenting a response to the concerns raised in my previous email, along with a timeline for addressing them, at tomorrow's meeting? A clear plan and prompt action are essential to ensure the Board can fulfill its oversight duties effectively with an accurate projection of FY25 and solid understanding of the deficit and over budget expenses.

I respectfully urge the administration and Board to address the questions raised in my previous email, including the timeline for a revised amended budget, the status of internal financial controls, and the lack of discussion regarding the unbalanced budget and deficit reduction plan. A timely acknowledgment and action plan are critical to maintaining public trust and ensuring compliance with GASB standards and meeting our current timeline for the amended budget hearing.

Thank you for your attention to this matter. I look forward to your response and to a productive discussion at tomorrow's meeting.

Sincerely,

Kelli MacMillan, Board Member

----- Forwarded message -----

From: **Steve Stein** <steins@mokena159.org>

Date: Fri, May 16, 2025 at 4:03 PM

Subject: Fwd: Amended Budget concerns / GASB compliance

To:

Members of the Board,

Please see the email below from Mrs. MacMillan regarding her concerns with the amended budget process.

Steve

----- Forwarded message -----

From: **Kelli MacMillan** <macmillank@mokena159.org>

Date: Fri, May 16, 2025 at 3:48 PM

Subject: Amended Budget concerns / GASB compliance

To: Steve Stein <steins@mokena159.org>

Steve,

I am writing to formally express concerns regarding the amended budget scheduled for hearing / presentation to the Board and the public. Upon reviewing the documentation and financial reports, I have identified several areas where the district's current budgeting and reporting practices appear misaligned with GASB requirements and lack the transparency and accuracy necessary for responsible fiscal oversight. I previously disclosed these concerns via emails and verbally, most recently at the Finance Committee meeting on 5/12/25.

The tentative amended budget form, currently posted for public review, does not correlate to the skyward financial reports or the slide presentation in boardbook. These inconsistencies prevent the Board from having a reliable, unified picture of the district's financial position and violate GASB's principles of transparency and comparability.

As of now, 37 line items have exceeded 100% of their FY25 budgeted amounts without corresponding adjustments in the amended budget. An additional 20 line items are projected to exceed the budget based on monthly trends, with two months remaining in the fiscal year. These are also not accounted for in the amended budget, undermining its credibility as a projection tool. This is a major concern for the board, with no formal explanation or disclosure of overages from management.

During the finance committee meeting on May 12, 2025, management disclosed that several correcting journal entries have not yet been posted. These entries are apparently needed to reallocate expenditures to their appropriate budget lines. We are now ten months into the fiscal year, yet these corrections remain outstanding, and the amended budget was presented to the Board and public without incorporating these adjustments. This delay calls into question the district's internal financial processes and raises serious concerns about the reliability of the data being used to prepare the amended budget.

The district is presenting an unbalanced budget while asserting that a deficit reduction plan is not required, but this has not been discussed in detail with the Board or disclosed to the public, leaving the Board unable to fulfill its fiduciary duties or respond to public concerns. At the public meeting two months ago, I'd requested detailed explanation on the deficit position be presented to the board, which management agreed to provide but has not occurred.

GASB Statement No. 34 – Paragraph 11 - requires management to explain significant variations between final budget and actual results. By not revising over-budget line items or acknowledging pending overages, the amended budget fails to meet this standard. Management does not provide the board details on over budget line items.

GASB Statement No. 41 – Budgetary Comparison Schedules - requires accurate comparisons of actual results against original and final budgets. The amended budget does not reflect actual spending patterns and omits necessary revisions, impeding transparency.

GASB Concepts Statement No. 1 – Paragraphs 77–78 - financial reporting must

support users in evaluating service costs and the government's ability to sustain service delivery. An amended budget that omits known overages and fails to reflect true expenditure trends undermines this core objective.

GASB Statement No. 54 – Fund Balance Reporting - requires transparent and accurate reporting of fund uses and availability. Overdrawn lines without appropriate adjustments may lead to unauthorized use of fund balances not disclosed to the Board.

As the Superintendent, you are ultimately accountable for ensuring that the district's financial reporting is accurate, complete, and compliant with applicable standards.

Given the concerns, I respectfully request a written response to the board of education addressing the following:

1. When will the Board receive a revised amended budget that accurately reflects year-to-date expenditures and reliable projections for the remainder of the fiscal year?
2. What internal financial controls are in place to prevent expenditures from exceeding approved budget amounts, and how are those being enforced?
3. Why has the district not initiated a deficit reduction plan or discussed the implications of the unbalanced budget with the Board?

I believe it is essential that we address these concerns with urgency to maintain the integrity of our financial reporting and our obligation to the public we serve.

Sincerely,
Kelli MacMillan

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Steve Stein
Superintendent
Mokena School District 159
(708) 342-4910

