



# FINANCIAL STATEMENT REVIEW GUIDE

W W W . K A S P E R E K C P A . C O M

*Serving Communities with Purpose, Precision,  
and Heart for Nearly 40 Years.*



## INTRODUCTION

On behalf of John Kasperek Co., Inc., we would like to thank you for the opportunity to serve as your independent auditor. Since our founding in 1989, our firm has been dedicated to supporting the financial needs of the Chicago Southland and surrounding communities.

Our professional staff is highly motivated and committed to providing personalized financial guidance to school districts as a way to invest in our communities' bright future. We are proud to specialize in municipal and educational auditing and accounting consultation services; expertise that allows us to understand the unique challenges and responsibilities of school districts like yours.

As a local firm, we pride ourselves on attention to detail, accessibility, and hands-on service from every level of our team. This philosophy is why we have provided you with resources like this guide so you may better understand your annual audit and what it means for your district's financial health.

We appreciate the trust you have placed in us and look forward to continuing our relationship in support of your district's financial health and transparency.

## THANK YOU FOR CHOOSING JKC!

*John Kasperek Jr.*  
&  
*Stephanie Blanco*

# Table of Contents

## **1. AUDIT OPINIONS**

- 1.1 Unmodified Opinion
- 1.2 Qualified Opinion
- 1.3 Disclaimer of Opinion
- 1.4 Adverse Opinion

## **2. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

- 2.1 Purpose of the MD&A
- 2.2 Why It Is Required

## **3. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

- 3.1 Statement of Net Position
- 3.2 Statement of Activities

## **4. GOVERNMENTAL FUNDS**

- 4.1 Types of Funds
- 4.2 Revenues, Expenditures, and Changes in Fund Balance
- 4.3 Interpreting Fund Balance

## **5. FOOTNOTES TO THE FINANCIAL STATEMENTS**

- 5.1 Common Uses for Footnotes

## **6. PENSION & OPEB PLANS**

- 6.1 Defining the Plans
- 6.2 Impact on the District

## **7. COMBINING SCHEDULES**

- 7.1 Balance Sheet and Income Statement
- 7.2 The General Fund

## **8. BUDGET TO ACTUAL COMPARISONS**

- 8.1 Original and Final Budget
- 8.2 Actual Expenditures
- 8.3 Variance Analysis
- 8.4 Prior Year Comparisons
- 8.5 Why This Matters

## **9. PENSION & OPEB SCHEDULES**

- 9.1 Why is this Included?
- 9.2 District Impact

## **10. PROPERTY TAXES**

- 10.1 Equalized Assessed Valuation (EAV)
- 10.2 Tax Levies
- 10.3 Tax Rates by Fund
- 10.4 Extended Tax Levy
- 10.5 Taxes Collected
- 10.6 Percent Collected
- 10.7 Levy Adjustments

## **11. CONSOLIDATED YEAR-END FINANCIAL REPORT (CYEFR)**

- 11.1 Purpose of CYEFR
- 11.2 Submission to GATA (Grant Accountability and Transparency Act)
- 11.3 What is GATA?



# 1.0 Audit Opinions

## OVERVIEW

An independent auditor issues a report at the conclusion of its audit engagement in which an opinion or disclaimer of opinion on the financial statements is expressed. This opinion tells readers how reliable the financial statements are and whether they present the entity's financial position fairly.

There are four types of opinions ranging from the most favorable (unmodified) to the least favorable (adverse).

### 1.1 UNMODIFIED

Auditor found no material misstatements in the financial statements. The financial statements are presented fairly in all material respects.

### 1.2 QUALIFIED

Auditor has found certain issues or limitations in the financial statements but believes the overall financial statements are still a fair representation, except for those specific issues.

### 1.3 DISCLAIMER

Auditor cannot express an opinion on the financial statements. There are significant issues such as scope limitations, lack of sufficient evidence, and uncertainty.

### 1.4 ADVERSE

Auditor has found material misstatements in the financial statements to the point they do not fairly present the entity's financial position.

# 2.0 Management's Discussion and Analysis (MD&A)

## OVERVIEW

The MD&A provides a narrative overview of the District's financial performance for the year. It helps readers understand key trends, significant changes, and management's perspective on the District's financial position and operations.

### 2.1 PURPOSE OF THE MD&A

- A narrative summary prepared by management.
- Provides insight into past performance, current financial standing, and future prospects.

### 2.2 WHY IT IS REQUIRED

- Mandated by GASB (Governmental Accounting Standards Board).
- Ensures transparency and context for interpreting the audited financials.

# 3.0 Government-Wide Financial Statements

## OVERVIEW

The government-wide financial statements provide a comprehensive overview of the District's overall financial position and operations. They combine information from all funds to present the District as a single entity and include both capital assets (such as buildings, equipment, and land) and long-term debt obligations.

Together, these statements offer a clear, consolidated picture of the District's financial condition and how its resources are being managed over time.

## 3.1 STATEMENT OF NET POSITION

Presents what the District owns (assets) and owes (liabilities), including capital assets and outstanding debt, to show the overall financial health at year end.

## 3.2 STATEMENT OF ACTIVITIES

Details how the District's net position changed during the year by reporting revenues and expenses for all governmental activities.

# 4.0 Governmental Funds

## OVERVIEW

The governmental fund financial statements show the financial position and activity of the District's individual funds. They highlight how resources are allocated, how revenues and expenditures compare, and whether each fund is operating within its means. Governmental fund financial statements help assess the District's financial stability and its ability to meet future obligations.

### 4.1 GENERAL FUND

These are the four funds that make up the General Fund: Educational; Operations and Maintenance; Working Cash; and Tort Immunity. *See 7.0 for further information on the General Fund.*

### 4.2 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Income statements show beginning fund balance, ending fund balance, and year-over-year changes.

### 4.3 INTERPRETING THE FUND BALANCE

A positive fund balance indicates assets exceeding liabilities.

# 5.0 Footnotes to the Financial Statements

## OVERVIEW

The footnotes provide essential details and explanations that support the amounts and disclosures in the financial statements. They offer context about the District's accounting policies, significant transactions, and compliance with laws and regulations, helping readers gain a clearer understanding of the District's overall financial picture.

## 5.1 FOOTNOTES CAN ENCOMPASS ANY OF THE FOLLOWING

- Accounting Policies
- Significant Transactions
- Compliance with Laws and Regulations
- Specific Disclosures, such as
  - Cash and Investments
  - Capital Assets
  - Long-term Liabilities
  - Pensions and Other Postemployment Benefits

# 6.0 Pension & OPEB Plans

## OVERVIEW

This section explains the pension and other postemployment benefit (OPEB) plans in which the District participates. These plans, such as TRS, IMRF and THIS—are established at the state level to provide retirement and health benefits for eligible employees. The District may also establish its own OPEB plan.

## 6.1 DEFINING THE PLANS

**Teachers' Retirement System (TRS):** A state-established pension plan for certified staff, including teachers and administrators, employed outside the City of Chicago.

**Illinois Municipal Retirement Fund (IMRF):** Provides pension, disability, and death benefits to non-certified employees of local governments and school districts.

**Teacher Health Insurance Security (THIS):** A postemployment healthcare plan offering health insurance coverage to retired TRS members and their dependents.

**Other Postemployment Benefits (OPEB):** Includes benefits other than pensions, such as health, dental, or life insurance, offered to eligible retirees.

## 6.2 IMPACT ON THE DISTRICT

These plans are reported for disclosure purposes only and reflect state and local-level actuarial valuations. They do not directly affect the District's operational or financial decision-making.

# 7.0 Combining Schedules

## OVERVIEW

The combining schedules provide detailed financial information that supports the totals shown in the District's basic financial statements. These schedules break down the activity of individual funds that are combined within the General Fund, offering a clearer view of how resources are distributed and used across specific purposes.

### 7.1 THE TWO COMBINING SCHEDULES INCLUDED

**Balance Sheet:** Presents the financial position of each fund at year end, including assets, liabilities, and fund balances. This allows readers to see how each fund contributes to the District's overall financial standing. **Statement of Revenues, Expenditures, and Changes in Fund Balances (Income Statement):** Shows the revenues received, expenditures incurred, and the resulting change in fund balance during the year. *See 4.0 Fund Balance for information on the General Fund.*

### 7.2 THE GENERAL FUND

The General Fund is the District's general operating fund and accounts for all activities not reported in other funds. It refers to the total between four funds: Educational; Operations and Maintenance; Working Cash; and Tort Immunity.

Together, these schedules give transparency into the financial activity within each fund and how they collectively make up the District's overall General Fund reporting.

# 8.0 Budget to Actual Comparisons

## OVERVIEW

The budget to actual schedules compare the District's approved budget to the actual revenues and expenditures for the fiscal year. This helps evaluate how closely financial activity aligns with the District's spending plan and supports accountability in fiscal management. The key columns and their explanations are at right.

### 8.1 ORIGINAL AND FINAL BUDGET

These columns represent the financial plan formally adopted by the Board of Education at the beginning of the fiscal year (original budget) and any revisions approved throughout the year (final budget). Adjustments may occur due to changes in funding, enrollment, or unforeseen expenditures. Comparing the original and final budgets shows how the District adapted to operational needs and changing circumstances.

### 8.2 ACTUAL

This column reports the actual revenues earned and expenditures incurred during the fiscal year. Comparing these amounts to the budgeted figures shows how accurately the District projected its financial activity and whether resources were used as planned. It also reflects the District's ability to manage spending within approved limits.

# 8.0 Budget to Actual Comparisons

## 8.3 VARIANCE WITH FINAL BUDGET

The variance column shows the difference between the final budget and the actual results. Variances help identify whether the District stayed within approved limits or experienced areas of over- or under-spending.

- Positive numbers indicate an over budget condition, where spending or revenue exceeded expectations.
- Negative numbers (shown in parentheses) indicate an under budget condition, meaning the District spent less or collected less than planned.
- Significant variances highlight areas worth reviewing, as they may point to changing operational needs, unexpected savings, or opportunities for improved forecasting.

## 8.4 PRIOR YEAR ACTUAL

This column provides the actual revenues and expenditures from the previous fiscal year. Including prior year data helps identify year-over-year trends, such as changes in spending priorities, revenue growth, or cost-saving measures. Comparing multiple years provides valuable context for evaluating financial consistency and long-term planning.

## 8.5 WHY IT MATTERS

These highlight the areas of over- or under-spending and serves as a tool for evaluating financial performance. It's used to guide future budgeting decisions as well as provides transparency and accountability in the District's financial reporting.

# 9.0 Pension & OPEB Schedules

## OVERVIEW

The pension and OPEB schedules provide detailed financial and statistical information about the state-managed benefit plans in which the District participates.

These plans include the Teachers' Retirement System (TRS), the Illinois Municipal Retirement Fund (IMRF), and the Teacher Health Insurance Security Fund (THIS).

Information for the District's own Other Postemployment Benefits (OPEB) is also provided.

They do not have any bearing of the District or how it operates and the data is provided by the state and the District's actuary.

## 9.1 WHY IS THIS INCLUDED IN YOUR AUDIT?

Including these pension and OPEB schedules ensures that the financial statements present a complete picture of all long-term obligations associated with employee benefits, even if those liabilities are managed and funded by the State of Illinois rather than the District itself. This provides transparency and consistency across all school district audits statewide.

## 9.2 DISTRICT IMPACT

Because TRS, IMRF, and THIS are controlled by the State of Illinois, they have no direct operational or budgetary effect on the District.

The information is included for disclosure purposes only, ensuring compliance with GASB standards and promoting statewide transparency and consistency in school district audits.

# 10.0 Property Taxes

## OVERVIEW

The property tax section provides detailed information about the District's property tax revenues, rates, levies, and collections. Property taxes are the primary source of local revenue for school districts in Illinois and play a critical role in funding educational programs and operations.

This section is included to provide transparency regarding how the District's tax revenue is generated, collected, and allocated. It offers stakeholders a clear view of the District's financial reliance on property taxes and supports accountability in local funding.

## 10.1 EQUALIZED ASSESSED VALUATION (EAV)

Reflects the total value of taxable property within the District, as determined by the county assessor and equalized by the Illinois Department of Revenue. Changes in EAV directly impact the District's ability to levy property taxes.

## 10.2 TAX LEVIES

Show the total dollar amount of property taxes the District is authorized to collect for each fund. Levies are established annually by the Board of Education and approved in accordance with state law.

## WHY THIS MATTERS

- Provides a clear view of the District's reliance on property taxes for funding operations.
- Demonstrates changes in assessed valuations, levies, and collection rates over time.
- Supports transparency and accountability to taxpayers and stakeholders.

# 10.0 Property Taxes

## 10.3 TAX RATES BY FUND

Display the rate per \$100 of EAV for each fund type (e.g., Educational, Operations & Maintenance, Debt Service). These rates determine how much revenue is generated from the levies.

## 10.4 EXTENDED TAX LEVY

Represents the actual dollar amount of property taxes extended by the county for collection. This figure is based on the tax rate and assessed valuations.

## 10.5 TAXES COLLECTED

Shows the amount of property taxes actually collected by the District, including a multi-year comparison to highlight trends and collection efficiency.

## 10.6 PERCENT COLLECTED

Reflects the percentage of the tax levy that has been collected in a given year, providing insight into the District's revenue collection effectiveness.

## 10.7 LEVY ADJUSTMENTS

Under Public Act 102-0519, tax levies receive an automatic increase to account for property tax refunds paid in the prior year for certain types of refunds. These adjustments are added into the Educational Fund levy and are reported in this section to ensure transparency and accuracy in levy reporting.

# 11.0 Consolidated Year-End Financial Report (CYEFR)

## OVERVIEW

The Consolidated Year-End Financial Report (CYEFR) is a required annual filing under the Illinois Grant Accountability and Transparency Act (GATA) that details the District's expenditures of state and federal grant funds. It ensures that all grant-related financial activity is properly reported to the State of Illinois. The CYEFR demonstrates the District's compliance with state and federal grant requirements.

## 11.1 PURPOSE OF CYEFR

The CYEFR summarizes expenditures made under various state and federal programs, ensuring that funds were spent in accordance with grant terms and approved budgets.

## 11.2 SUBMISSION

The report is filed electronically through the Illinois Grantee Portal, which centralizes reporting and monitoring for all grant recipients.

# 11.0 Consolidated Year-End Financial Report (CYEFR)

## 11.3 WHAT IS GATA?

The Grant Accountability and Transparency Act (GATA) is an Illinois law designed to improve accountability, transparency, and efficiency in the administration of grants.

- Promotes consistency and fairness across all state-funded programs.
- Reduces administrative burden for both state agencies and grantees.
- Establishes uniform requirements for tracking, auditing, and reporting grant expenditures.

## WHY THIS MATTERS

Including the CYEFR in the audit package demonstrates that the District has met all reporting obligations for state and federal grants, reinforcing compliance and stewardship of public funds.

# **J** John Kasperek Co.

---

CERTIFIED PUBLIC ACCOUNTANTS

---

John Kasperek Co., Inc. created this Financial Statement Review Guide to help school district administrators, board members, and staff better understand the key components of their audited financial statements.

Your input helps us continue improving the clarity, usefulness, and accessibility of the materials we provide. This brief survey includes just two questions and should take less than one minute to complete.

We appreciate your partnership and the opportunity to serve your district.



A map of the Chicago metropolitan area, showing various cities and suburbs. The map is overlaid with a semi-transparent blue filter. The text 'John Kasperek Co.' is prominently displayed in the center, with a large 'JK' monogram to its left. Below the company name, the text 'CERTIFIED PUBLIC ACCOUNTANTS' is written in a smaller font, flanked by two horizontal lines. At the bottom, the words 'THANK YOU' are written in a large, bold, white serif font.

**JK** John Kasperek Co.  
CERTIFIED PUBLIC ACCOUNTANTS

**THANK YOU**