Edwardsville School District
2017-2018 Audit Report
September 24, 2018

• Audit Firm: Schowalter & Jabouri
• Presenter: Jim Torti, Partner
Audit Results

The 2017-2018 audit resulted in the issuance of our report related to your financial statements prepared in accordance with generally accepted accounting principles.

In that report, we give our opinion. Our opinion is unmodified meaning that the financial statements are fairly presented in all material respects.
Audit Results

We also issued our report related to the financial statements prepared for the Illinois State Board of Education ("ISBE").

It is our opinion that those statements are fairly presented in all material respects in conformity with the regulatory provisions prescribed by the Illinois State Board of Education.
Audit Results

Regarding Federal and State Reporting, we noted no instances of noncompliance that we are required to report, and no matters involving internal control that we consider to be material weaknesses.
June 30, 2018 Fund Balances and Other Financial Highlights

Despite the significant sacrifices that the District has made over the past nine years, the District continued to struggle financially.

The District’s overall expenditures exceeded revenues by approximately $1.0 million.
June 30, 2018 Fund Balances and Other Financial Highlights

The District made a permanent transfer of $654,000 from the Working Cash Fund to the Education Fund once again depleting the year-end working cash fund balance, while still leaving a negative Education Fund balance of over $5.3 million.
June 30, 2018 Fund Balances and Other Financial Highlights

During the last nine years, the Board has worked diligently to try and stabilize the District’s financial condition through operating budget reductions and revenue enhancements.
June 30, 2018 Fund Balances and Other Financial Highlights

Despite reducing staff and other operational expenditures in an effort to offset rapidly declining revenue since 2009, the Education Fund has continually run operating deficits ranging from $1.5 million to $4.7 million annually and District 7 has been on the State’s Financial Watch List since 2009.
June 30, 2018 Fund Balances and Other Financial Highlights

For the third consecutive year, District 7 ended the fiscal year with a negative fund balance in the General Fund while depleting all of its Working Cash reserves.

In addition, the District had to issue $1 million in Tax Anticipation Warrants to provide cash flow in the Transportation Fund to finish the school year.
June 30, 2018 Fund Balances and Other Financial Highlights

Fortunately, the District 7 voters approved a $0.55 Education Fund tax increase on April 4, 2017.

The District began collecting the additional tax revenue in the current (2018-2019) school year.

Despite the increased tax revenue in the Education Fund, continued financial diligence is still necessary.
June 30, 2018 Fund Balances and Other Financial Highlights

The District’s financial status is still being carefully monitored by ISBE.

For the 2018-2019 school year, the District must adopt a balanced budget and begin the process of eliminating the over $5.3 million negative fund balance in the Education Fund.
June 30, 2018 Fund Balances and Other Financial Highlights

For the first time in eleven years the District will have a balanced budget and is on track to begin reducing the Education Fund debt during the 2018-2019 school year.

It is projected that, assuming financial conditions and state funding remain on track, the District will have paid off its Education Fund debt by the end of the 2019-2020 school year.
June 30, 2018 Fund Balances and Other Financial Highlights

The District will then be in a position to begin restoring cash reserves to the amount suggested by ISBE (10% of the District’s total revenue budget or between $8 and $9 million) in order for the District to eventually be removed from the State’s Financial Watch List.

Therefore, the District still has difficult financial decisions ahead and should continue to monitor its financial condition closely.
Management Comments and Suggestions

I am pleased to report that we again noted no internal control or other matters where we felt it necessary to issue a management letter.
Summary

We have worked with the District for the last twenty-three years and are pleased with the District’s current financial operations.

All recommendations we have made in the past have been implemented.

Finally, I would like to express our thanks to Dr. Andre, Mr. Courtney and their staff for all of the courtesies extended to us during our audit.