



***NIPPERSINK SCHOOL DISTRICT NO. 2  
McHENRY COUNTY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2023***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Nippersink School District No. 2  
Richmond, Illinois

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying basic financial statements of

Nippersink School District No. 2

as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

#### ***Unmodified Opinion on Regulatory Cash Basis of Accounting***

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and liabilities arising from cash transactions of Nippersink School District No. 2 as of June 30, 2023, and the revenues it received and expenditures it paid for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Illinois State Board of Education as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Nippersink School District No. 2 as of June 30, 2023, or changes in financial position thereof for the year then ended.

#### ***Basis of Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nippersink School District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statements, the financial statements are prepared by Nippersink School District No. 2 on the basis of accounting practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Also as described in Note 1, Nippersink School District No. 2 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Change in Accounting Principle***

As described in Note 17 to the financial statements, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by, and to demonstrate compliance with, the Illinois State Board of Education's regulatory basis of accounting and budget law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Governmental Template's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nippersink School District No. 2's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nippersink School District No. 2's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

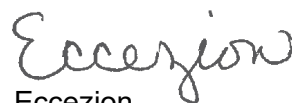
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Nippersink School District No. 2's basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information and Schedule of Expenditures of Federal Awards are fairly stated in, all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of Nippersink School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nippersink School District No. 2's internal control over financial reporting and compliance.

### **Restriction on Use**

This report is intended solely for the information and use of management, the Board of Education, others within the District, and the Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



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McHenry, Illinois  
November 16, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Nippersink School District No. 2  
Richmond, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of

Nippersink School District No. 2

as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nippersink School District No. 2's basic financial statements, and have issued our report thereon dated November 16, 2023. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nippersink School District No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nippersink School District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Nippersink School District No. 2's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be material weaknesses.

### **Compliance and Other Matters**

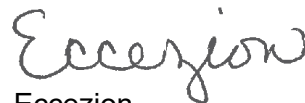
As part of obtaining reasonable assurance about whether Nippersink School District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, and 2023-007.

### ***Nippersink School District No. 2's Response to Findings***

Nippersink School District No. 2's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Nippersink School District No. 2's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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McHenry, Illinois  
November 16, 2023



## BASIC FINANCIAL STATEMENTS

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
ALL FUNDS AND ACCOUNT GROUPS  
AT JUNE 30, 2023

<u>ASSETS</u>	<u>EDUCATIONAL</u>	<u>OPERATIONS AND MAINTENANCE</u>	<u>DEBT SERVICES</u>	<u>TRANSPOR- TATION</u>	<u>ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY</u>	<u>CAPITAL PROJECTS</u>
Cash and Cash Equivalents	\$ 5,909,121	\$ 3,149,787	\$ -	\$ 1,943,962	\$ 356,327	\$ 1,731,228
Investments	2,423,941	1,292,053	-	797,420	146,167	710,156
Other Receivables	-	-	-	-	15,493	-
Capital Assets						
Land	-	-	-	-	-	-
Building and Building Improvements	-	-	-	-	-	-
Site Improvements and Infrastructure	-	-	-	-	-	-
Capitalized Equipment	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 8,333,062</b>	<b>\$ 4,441,840</b>	<b>\$ -</b>	<b>\$ 2,741,382</b>	<b>\$ 517,987</b>	<b>\$ 2,441,384</b>
 <u>LIABILITIES AND FUND BALANCE</u>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Other Payables	\$ 159,147	\$ 7,613	\$ -	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	121,311	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>\$ 280,458</b>	<b>\$ 7,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Long-Term Liabilities</b>						
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 280,458</b>	<b>\$ 7,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE</b>						
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance						
Reserved	116,698	-	-	-	126,193	-
Unreserved	7,935,906	4,434,227	-	2,741,382	391,794	2,441,384
<b>Total Fund Balance</b>	<b>\$ 8,052,604</b>	<b>\$ 4,434,227</b>	<b>\$ -</b>	<b>\$ 2,741,382</b>	<b>\$ 517,987</b>	<b>\$ 2,441,384</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,333,062</b>	<b>\$ 4,441,840</b>	<b>\$ -</b>	<b>\$ 2,741,382</b>	<b>\$ 517,987</b>	<b>\$ 2,441,384</b>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
ALL FUNDS AND ACCOUNT GROUPS  
AT JUNE 30, 2023

<u>ASSETS</u>	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
Cash and Cash Equivalents	\$ 934,316	\$ 547,602	\$ 100,431	\$ -	\$ -	\$ 14,672,774
Investments	383,259	224,628	41,197	-	-	6,018,821
Other Receivables	-	-	-	-	-	15,493
Capital Assets						
Land	-	-	-	791,988	-	791,988
Building and Building Improvements	-	-	-	13,424,055	-	13,424,055
Site Improvements and Infrastructure	-	-	-	1,696,192	-	1,696,192
Capitalized Equipment	-	-	-	5,794,659	-	5,794,659
Construction in Progress	-	-	-	58,969	-	58,969
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	79,303	79,303
<b>Total Assets</b>	<b>\$ 1,317,575</b>	<b>\$ 772,230</b>	<b>\$ 141,628</b>	<b>\$ 21,765,863</b>	<b>\$ 79,303</b>	<b>\$ 42,552,254</b>
 <u>LIABILITIES AND FUND BALANCE</u>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Other Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,760
Payroll Deductions and Withholdings	-	-	-	-	-	121,311
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 288,071</b>
<b>Long-Term Liabilities</b>						
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ -	\$ 79,303	\$ 79,303
<b>Total Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,303</b>	<b>\$ 79,303</b>
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,303</b>	<b>\$ 367,374</b>
<b>FUND BALANCE</b>						
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ 21,765,863	\$ -	\$ 21,765,863
Fund Balance						
Reserved	-	-	-	-	-	242,891
Unreserved	1,317,575	772,230	141,628	-	-	20,176,126
<b>Total Fund Balance</b>	<b>\$ 1,317,575</b>	<b>\$ 772,230</b>	<b>\$ 141,628</b>	<b>\$ 21,765,863</b>	<b>\$ -</b>	<b>\$ 42,184,880</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,317,575</b>	<b>\$ 772,230</b>	<b>\$ 141,628</b>	<b>\$ 21,765,863</b>	<b>\$ 79,303</b>	<b>\$ 42,552,254</b>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER  
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE -  
ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
REVENUE RECEIVED					
Local Sources	\$ 12,535,535	\$ 2,010,180	\$ -	\$ 365,836	\$ 166,871
State Sources	1,399,902	50,000	-	111,469	-
Federal Sources	839,147	-	-	-	-
State Retirement Contributions	5,032,194	-	-	-	-
	<u>\$ 19,806,778</u>	<u>\$ 2,060,180</u>	<u>\$ -</u>	<u>\$ 477,305</u>	<u>\$ 166,871</u>
EXPENDITURES DISBURSED					
Instruction	\$ 10,611,311	\$ -	\$ -	\$ -	\$ 202,331
Support Services	4,514,327	2,050,390	-	400,704	258,701
Payments to Other Districts and Governmental Units	72,507	-	-	-	-
Debt Services	-	-	85,912	-	-
State Retirement Contributions	5,032,194	-	-	-	-
	<u>\$ 20,230,339</u>	<u>\$ 2,050,390</u>	<u>\$ 85,912</u>	<u>\$ 400,704</u>	<u>\$ 461,032</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ (423,561)	\$ 9,790	\$ (85,912)	\$ 76,601	\$ (294,161)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers	<u>(85,912)</u>	<u>-</u>	<u>85,912</u>	<u>-</u>	<u>-</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	\$ (509,473)	\$ 9,790	\$ -	\$ 76,601	\$ (294,161)
FUND BALANCE - JULY 1, 2022	<u>8,562,077</u>	<u>4,424,437</u>	<u>-</u>	<u>2,664,781</u>	<u>812,148</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 8,052,604</u>	<u>\$ 4,434,227</u>	<u>\$ -</u>	<u>\$ 2,741,382</u>	<u>\$ 517,987</u>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER  
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE -  
ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	TOTAL (MEMORANDUM ONLY)
<b>REVENUE RECEIVED</b>					
Local Sources	\$ 119,102	\$ 91,620	\$ 192,004	\$ 5,234	\$ 15,486,382
State Sources	-	-	-	-	1,561,371
Federal Sources	-	-	-	-	839,147
State Retirement Contributions	-	-	-	-	5,032,194
	<u>\$ 119,102</u>	<u>\$ 91,620</u>	<u>\$ 192,004</u>	<u>\$ 5,234</u>	<u>\$ 22,919,094</u>
<b>EXPENDITURES DISBURSED</b>					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 10,813,642
Support Services	41,807	-	159,435	-	7,425,364
Payments to Other Districts and Governmental Units	-	-	-	-	72,507
Debt Services	-	-	-	-	85,912
State Retirement Contributions	-	-	-	-	5,032,194
	<u>\$ 41,807</u>	<u>\$ -</u>	<u>\$ 159,435</u>	<u>\$ -</u>	<u>\$ 23,429,619</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED</b>	<b>\$ 77,295</b>	<b>\$ 91,620</b>	<b>\$ 32,569</b>	<b>\$ 5,234</b>	<b>\$ (510,525)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers	-	-	-	-	-
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES</b>	<b>\$ 77,295</b>	<b>\$ 91,620</b>	<b>\$ 32,569</b>	<b>\$ 5,234</b>	<b>\$ (510,525)</b>
<b>FUND BALANCE - JULY 1, 2022</b>	<b>2,364,089</b>	<b>1,225,955</b>	<b>739,661</b>	<b>136,394</b>	<b>20,929,542</b>
<b>FUND BALANCE - JUNE 30, 2023</b>	<b><u>\$ 2,441,384</u></b>	<b><u>\$ 1,317,575</u></b>	<b><u>\$ 772,230</u></b>	<b><u>\$ 141,628</u></b>	<b><u>\$ 20,419,017</u></b>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
<b>REVENUE RECEIVED</b>					
<b>Local Sources</b>					
Ad Valorem Taxes Levied					
Designated Purpose Levies	\$ 11,156,794	\$ 1,889,963	\$ -	\$ 289,255	\$ 71,146
Special Education Levy	225,058	-	-	-	-
FICA/Medicare Only Purposes Levy	-	-	-	-	71,142
Other Tax Levies	38,083	-	-	-	-
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	390,138	-	-	-	7,500
Tuition					
Regular Tuition from Pupils or Parents (In State)	13,500	-	-	-	-
Interest on Investments	172,179	115,320	-	76,557	17,083
Food Service					
Sales to Pupils - Lunch	146,476	-	-	-	-
Other Food Service	638	-	-	-	-
District/School Activity Income					
Fees	38,207	-	-	-	-
Student Activity Fund Revenues	241,928	-	-	-	-
Textbooks					
Rentals - Regular Textbook	82,232	-	-	-	-
Other	23,805	-	-	-	-
Impact Fees From Municipal or County Governments	-	-	-	-	-
Payments from Other Districts	1,906	-	-	-	-
Other Local Revenues	4,591	4,897	-	24	-
<b>Total Local Sources</b>	<b>\$ 12,535,535</b>	<b>\$ 2,010,180</b>	<b>\$ -</b>	<b>\$ 365,836</b>	<b>\$ 166,871</b>
<b>State Sources</b>					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ 1,203,007	\$ -	\$ -	\$ -	\$ -
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	107,509	-	-	-	-
Orphanage - Individual	80,424	-	-	-	-
Orphanage - Summer	7,694	-	-	-	-
State Free Lunch and Breakfast	323	-	-	-	-
Transportation					
Regular/Vocational	-	-	-	32,036	-
Special Education	-	-	-	79,433	-
School Infrastructure - Maintenance Projects	-	50,000	-	-	-
Other Restricted Revenue from State Sources	945	-	-	-	-
<b>Total State Sources</b>	<b>\$ 1,399,902</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 111,469</b>	<b>\$ -</b>
<b>Federal Sources</b>					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
National School Lunch Program	\$ 171,882	\$ -	\$ -	\$ -	\$ -
Title I					
Low Income	121,582	-	-	-	-
Title IV					
Student Support & Academic Enrichment	10,000	-	-	-	-
Federal - Special Education					
Preschool - Flow Through	14,341	-	-	-	-
IDEA - Flow Through/Low Incidence	281,145	-	-	-	-
Title II - Teacher Quality	26,050	-	-	-	-
Medicaid Matching Funds - Administrative Outreach	33,256	-	-	-	-
Other Federal Sources	180,891	-	-	-	-
<b>Total Federal Sources</b>	<b>\$ 839,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Revenue</b>	<b>\$ 14,774,584</b>	<b>\$ 2,060,180</b>	<b>\$ -</b>	<b>\$ 477,305</b>	<b>\$ 166,871</b>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	TOTAL (MEMORANDUM ONLY)
<b>REVENUE RECEIVED</b>					
<b>Local Sources</b>					
Ad Valorem Taxes Levied					
Designated Purpose Levies	\$ -	\$ 56,099	\$ 172,661	\$ 1,337	\$ 13,637,255
Special Education Levy	-	-	-	-	225,058
FICA/Medicare Only Purposes Levy	-	-	-	-	71,142
Other Tax Levies	-	-	-	-	38,083
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	-	-	-	-	397,638
Tuition					
Regular Tuition from Pupils or Parents (In State)	-	-	-	-	13,500
Interest on Investments	85,419	35,521	19,343	3,897	525,319
Food Service					
Sales to Pupils - Lunch	-	-	-	-	146,476
Other Food Service	-	-	-	-	638
District/School Activity Income					
Fees	-	-	-	-	38,207
Student Activity Fund Revenues	-	-	-	-	241,928
Textbooks					
Rentals - Regular Textbook	-	-	-	-	82,232
Other	-	-	-	-	23,805
Impact Fees From Municipal or County Governments	33,683	-	-	-	33,683
Payments from Other Districts	-	-	-	-	1,906
Other Local Revenues	-	-	-	-	9,512
<b>Total Local Sources</b>	<b>\$ 119,102</b>	<b>\$ 91,620</b>	<b>\$ 192,004</b>	<b>\$ 5,234</b>	<b>\$ 15,486,382</b>
<b>State Sources</b>					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ -	\$ -	\$ -	\$ -	\$ 1,203,007
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	-	-	-	-	107,509
Orphanage - Individual	-	-	-	-	80,424
Orphanage - Summer	-	-	-	-	7,694
State Free Lunch and Breakfast	-	-	-	-	323
Transportation					
Regular/Vocational	-	-	-	-	32,036
Special Education	-	-	-	-	79,433
School Infrastructure - Maintenance Projects	-	-	-	-	50,000
Other Restricted Revenue from State Sources	-	-	-	-	945
<b>Total State Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,561,371</b>
<b>Federal Sources</b>					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
National School Lunch Program	\$ -	\$ -	\$ -	\$ -	\$ 171,882
Title I					
Low Income	-	-	-	-	121,582
Title IV					
Student Support & Academic Enrichment	-	-	-	-	10,000
Federal - Special Education					
Preschool - Flow Through	-	-	-	-	14,341
IDEA - Flow Through/Low Incidence	-	-	-	-	281,145
Title II - Teacher Quality	-	-	-	-	26,050
Medicaid Matching Funds - Administrative Outreach	-	-	-	-	33,256
Other Federal Sources	-	-	-	-	180,891
<b>Total Federal Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 839,147</b>
<b>Total Direct Revenue</b>	<b>\$ 119,102</b>	<b>\$ 91,620</b>	<b>\$ 192,004</b>	<b>\$ 5,234</b>	<b>\$ 17,886,900</b>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES DISBURSED	BUDGET	ACTUAL
Instruction		
Regular Programs		
Salaries	\$ 5,500,000	\$ 6,237,024
Employee Benefits	1,525,000	1,396,452
Purchased Services	35,000	55,474
Supplies and Materials	150,000	93,487
Capital Outlay	20,000	16,250
	<u>\$ 7,230,000</u>	<u>\$ 7,798,687</u>
Special Education Programs		
Salaries	\$ 1,630,000	\$ 1,700,877
Employee Benefits	52,000	42,174
Purchased Services	100,000	242,368
Supplies and Materials	500	6,899
Capital Outlay	5,000	576
	<u>\$ 1,787,500</u>	<u>\$ 1,992,894</u>
Interscholastic Programs		
Salaries	\$ 75,000	\$ 63,823
Employee Benefits	1,500	640
Purchased Services	11,500	7,815
Supplies and Materials	4,000	4,102
Capital Outlay	10,000	9,640
Other Objects	1,000	1,704
	<u>\$ 103,000</u>	<u>\$ 87,724</u>
Summer School Programs		
Salaries	\$ 20,000	\$ 37,208
Employee Benefits	150	312
	<u>\$ 20,150</u>	<u>\$ 37,520</u>
Gifted Programs		
Salaries	\$ 75,000	\$ 53,441
Employee Benefits	1,250	668
Supplies and Materials	2,000	488
Other Objects	1,000	-
	<u>\$ 79,250</u>	<u>\$ 54,597</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ -	\$ 412,620
	<u>\$ -</u>	<u>\$ 412,620</u>
Student Activity Fund		
Other Objects	\$ -	\$ 227,269
	<u>\$ -</u>	<u>\$ 227,269</u>
Total Instruction	<u>\$ 9,219,900</u>	<u>\$ 10,611,311</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 345,000	\$ 295,406
Employee Benefits	5,000	3,693
	<u>\$ 350,000</u>	<u>\$ 299,099</u>
Guidance Services		
Salaries	\$ -	\$ 42,623
Employee Benefits	-	532
Supplies and Materials	2,000	588
	<u>\$ 2,000</u>	<u>\$ 43,743</u>

The Notes to Financial Statements are an integral part of this statement.



NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Health Services		
Salaries	\$ 147,500	\$ 154,208
Employee Benefits	2,000	1,350
Supplies and Materials	9,150	4,468
	<u>\$ 158,650</u>	<u>\$ 160,026</u>
Psychological Services		
Salaries	\$ 95,000	\$ 149,025
Employee Benefits	2,000	1,862
	<u>\$ 97,000</u>	<u>\$ 150,887</u>
Other Support Services - Pupils		
Salaries	\$ 225,000	\$ 195,754
Employee Benefits	10,800	9,079
	<u>\$ 235,800</u>	<u>\$ 204,833</u>
	<u>\$ 843,450</u>	<u>\$ 858,588</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 184,000	\$ 83,707
Employee Benefits	5,400	2,960
Purchased Services	175,000	389,541
Supplies and Materials	35,000	25,446
	<u>\$ 399,400</u>	<u>\$ 501,654</u>
Educational Media Services		
Salaries	\$ 227,500	\$ 230,515
Employee Benefits	6,000	4,002
Supplies and Materials	9,150	11,338
	<u>\$ 242,650</u>	<u>\$ 245,855</u>
	<u>\$ 642,050</u>	<u>\$ 747,509</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 65,000	\$ 96,534
Supplies and Materials	40,000	12,302
Other Objects	40,000	27,831
	<u>\$ 145,000</u>	<u>\$ 136,667</u>
Executive Administration Services		
Salaries	\$ 272,000	\$ 190,036
Employee Benefits	23,500	5,983
Purchased Services	150,000	336,623
Supplies and Materials	1,000	116,512
Capital Outlay	1,000	957
Other Objects	2,000	200
	<u>\$ 449,500</u>	<u>\$ 650,311</u>
Tort Immunity Services		
Purchased Services	\$ -	\$ 1,184
	<u>\$ -</u>	<u>\$ 1,184</u>
	<u>\$ 594,500</u>	<u>\$ 788,162</u>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Salaries	\$ 610,000	\$ 646,992
Employee Benefits	60,000	9,698
Purchased Services	400	566
Supplies and Materials	67,859	59,666
Capital Outlay	2,500	3,487
Other Objects	5,500	5,421
	\$ 746,259	\$ 725,830
Other Support Services - School Administration		
Salaries	\$ 79,000	\$ 64,159
Employee Benefits	12,500	1,365
Purchased Services	12,000	92,576
Supplies and Materials	200	798
	\$ 103,700	\$ 158,898
Total Support Services - School Administration	\$ 849,959	\$ 884,728
Business		
Direction of Business Support Services		
Salaries	\$ 75,000	\$ 89,448
Employee Benefits	5,000	1,633
Purchased Services	-	284
	\$ 80,000	\$ 91,365
Fiscal Services		
Salaries	\$ 107,500	\$ 107,968
Employee Benefits	9,500	10,416
Purchased Services	1,500	555
Supplies and Materials	5,000	4,897
Other Objects	-	1,080
	\$ 123,500	\$ 124,916
Food Services		
Salaries	\$ 165,000	\$ 155,114
Employee Benefits	37,500	35,329
Purchased Services	15,000	7,728
Supplies and Materials	175,000	153,161
	\$ 393,500	\$ 351,332
Total Support Services - Business	\$ 597,000	\$ 567,663
Central		
Data Processing Services		
Salaries	\$ 230,000	\$ 191,676
Employee Benefits	15,000	12,306
Purchased Services	150,000	18,716
Supplies and Materials	165,000	351,150
Capital Outlay	95,000	93,829
Other Objects	2,500	-
	\$ 657,500	\$ 667,677
Total Support Services - Central	\$ 657,500	\$ 667,677
Total Support Services	\$ 4,184,459	\$ 4,514,327

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 EDUCATIONAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Other Governmental Units (In-State)		
Payments for Regular Programs		
Other Objects	\$ -	\$ 70,671
	\$ -	\$ 70,671
Payments for Special Education Programs		
Purchased Services	\$ 5,000	\$ 1,836
Other Objects	350,000	-
	\$ 355,000	\$ 1,836
Total Payments to Other Districts and Governmental Units (In-State)	\$ 355,000	\$ 72,507
Total Payments to Other Districts and Governmental Units	\$ 355,000	\$ 72,507
Total Direct Expenditures	\$ 13,759,359	\$ 15,198,145

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
OPERATIONS AND MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Capital Outlay	\$ 500,000	\$ -
	\$ 500,000	\$ -
Operation and Maintenance of Plant Services		
Salaries	\$ 385,000	\$ 302,536
Employee Benefits	83,500	59,882
Purchased Services	450,000	488,021
Supplies and Materials	675,000	766,377
Capital Outlay	50,000	433,574
	\$ 1,643,500	\$ 2,050,390
Total Support Services - Business	\$ 2,143,500	\$ 2,050,390
Total Support Services	\$ 2,143,500	\$ 2,050,390
Total Direct Expenditures	\$ 2,143,500	\$ 2,050,390

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 DEBT SERVICES FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Debt Services		
Interest		
Other Interest on Short-Term Debt		
Other Objects	\$ 135,000	\$ -
Total Debt Services - Interest	\$ 135,000	\$ -
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ -	\$ 85,912
Total Debt Services - Payment of Principal on Long-Term Debt	\$ -	\$ 85,912
Total Debt Services	\$ 135,000	\$ 85,912
Total Direct Expenditures	\$ 135,000	\$ 85,912

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 TRANSPORTATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Pupil Transportation Services		
Purchased Services	\$ 554,000	\$ 400,704
	\$ 554,000	\$ 400,704
Total Support Services - Business	\$ 554,000	\$ 400,704
Total Support Services	\$ 554,000	\$ 400,704
Total Direct Expenditures	\$ 554,000	\$ 400,704

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES DISBURSED	BUDGET	ACTUAL
Instruction		
Regular Programs		
Employee Benefits	\$ 76,225	\$ 77,760
Pre-K Programs		
Employee Benefits	36,050	33,615
Special Education Programs		
Employee Benefits	96,000	86,203
Interscholastic Programs		
Employee Benefits	2,000	1,959
Summer School Programs		
Employee Benefits	1,500	2,019
Gifted Programs		
Employee Benefits	1,200	775
Total Instruction	<u>\$ 212,975</u>	<u>\$ 202,331</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 5,000	\$ 4,283
Guidance Services		
Employee Benefits	-	625
Health Services		
Employee Benefits	100	7,965
Psychological Services		
Employee Benefits	2,000	2,161
Other Support Services - Pupils		
Employee Benefits	37,300	34,746
Total Supports Services - Pupils	<u>\$ 44,400</u>	<u>\$ 49,780</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 15,000	\$ 7,951
Educational Media Services		
Employee Benefits	15,000	12,182
Total Support Services - Instructional Staff	<u>\$ 30,000</u>	<u>\$ 20,133</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 16,500	\$ 15,880
Total Support Services - General Administration	<u>\$ 16,500</u>	<u>\$ 15,880</u>
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 35,000	\$ 30,996
Other Support Services - School Administration		
Employee Benefits	6,500	5,563
Total Support Services - School Administration	<u>\$ 41,500</u>	<u>\$ 36,559</u>

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Business		
Direction of Business Support Services		
Employee Benefits	\$ 3,000	\$ 1,907
Fiscal Services		
Employee Benefits	29,025	32,188
Operation and Maintenance of Plant Services		
Employee Benefits	42,525	41,836
Food Services		
Employee Benefits	25,075	22,032
Total Support Services - Business	\$ 99,625	\$ 97,963
Central		
Data Processing Services		
Employee Benefits	\$ 43,000	\$ 38,386
Total Support Services - Central	\$ 43,000	\$ 38,386
Total Support Services	\$ 275,025	\$ 258,701
Total Direct Expenditures	\$ 488,000	\$ 461,032

The Notes to Financial Statements are an integral part of this statement.



NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 150,000	\$ 39,875
Capital Outlay	150,000	-
Total Support Services - Business	\$ 300,000	\$ 39,875
Other Support Services		
Other Objects	\$ -	\$ 1,932
Total Other Support Services	\$ -	\$ 1,932
Total Support Services	\$ 300,000	\$ 41,807
Total Direct Expenditures	\$ 300,000	\$ 41,807

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 TORT FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
General Administration		
Risk Management and Claims Services Payments		
Purchased Services	\$ 200,000	\$ 159,435
	\$ 200,000	\$ 159,435
Total Support Services - General Administration	\$ 359,435	\$ 159,435
Total Support Services	\$ 359,435	\$ 159,435
Total Direct Expenditures	\$ 359,435	\$ 159,435

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 FIRE PREVENTION AND SAFETY FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Capital Outlay	\$ 100,000	\$ -
Total Support Services - Business	\$ 100,000	\$ -
Total Support Services	\$ 100,000	\$ -
Total Direct Expenditures	\$ 100,000	\$ -

The Notes to Financial Statements are an integral part of this statement.

NIPPERSINK SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nippersink School District No. 2's (District) accounting policies conform to the cash basis of accounting as defined by the 23 Illinois Admin Code 100.

*A. Principles Used to Determine Scope of Entity*

The reporting entity includes the governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit its citizens, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreement has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and is therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreement. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

*B. Basis of Presentation – Fund Accounting*

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois.

These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

Educational Fund – The Educational Fund is the general operating fund of the District. It is used to account for all transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional programs, health and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. Special Education is included in this fund.

This fund also includes student activity funds held and controlled by the District, under the direction of district personnel, and administrative involvement of the board of education.

Operations and Maintenance Fund – The Operations and Maintenance Fund is used for all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings. Operations of this fund are generally financed by a special tax levied for these purposes.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Debt Services Fund – The Debt Services Fund is used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on general long-term debt.

Transportation Fund – The Transportation Fund is used to account for the costs associated with transporting pupils for any purpose. Revenue received for transportation purposes from any source must be deposited into this fund, including property taxes levied and state grants received for these purposes.

Illinois Municipal Retirement/Social Security Fund – The Illinois Municipal Retirement/Social Security Fund is used to account for costs of providing retirement benefits under Illinois Municipal Retirement Fund and Social Security if there are separate taxes levied for these purposes. If separate taxes are not levied for these purposes, then the payments shall be charged to the fund where the salaries are charged.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used or the acquisition or construction of major capital facilities and contributions and donations from private sources.

Working Cash Fund – The Working Cash Fund is used to account for a separate tax levied for working cash purposes and for any bonds sold for this purpose. Cash available in this fund may be loaned to any fund of the District.

Tort Fund – The Tort Fund is used to account for a separate tax levied for tort immunity or tort judgement purposes and for any bonds sold for this purpose.

Fire Prevention and Safety Fund – The Fire Prevention and Safety Fund is used to account for the proceeds of specific revenue sources that are legally restricted for fire prevention and safety projects.

General Fixed Assets Account Group – The General Fixed Assets Account Group is used to record physical assets of the District that have a long-term (i.e. more than one year) period of usefulness.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to record total bonded debt and other long-term debt of the District. This District is currently debt free as all amounts currently recorded as debt relate long-term liability lease agreements recorded under GASB 87.

### Measurement Focus

The financial statements of all funds, except two account groups, focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

### General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in operations are accounted for in the General Fixed Assets Account Group rather than in the funds. Long-term liabilities expected to be financed from the funds are accounted for in the General Long-Term Debt Account Group, not in the funds.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

### *C. Basis of Accounting*

Basis of accounting refers to when revenues received, and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting

## NOTES TO FINANCIAL STATEMENTS (Continued)

records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

If the District utilized accounting principles generally accepted in the United States of America, the basic financial statements would be replaced with government-wide financial statements and fund financial statements. The fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

### *D. Budgets and Budgetary Accounting*

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 28, 2022.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

### *E. Cash and Cash Equivalents*

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

## NOTES TO FINANCIAL STATEMENTS (Continued)

No District fund had a cash overdraft at June 30, 2023.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

### F. *Investments*

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization.

### G. *Inventories*

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

### H. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. All other interfund transactions are treated as transfers.

### I. *General Fixed Assets*

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the funds and capitalized at cost in the General Fixed Assets Account Group. The District's capitalization threshold is \$500. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge, which is calculated on a straight-line basis with useful lives of 50 years for Buildings, 20 years for Improvements Other than Buildings, and 5 to 10 years for Equipment).

The District is a lessee for a noncancellable lease of copiers.

The District recognizes a right-to-use liability and asset for various lease and subscription-based IT agreements right-to-use assets (right-to-use asset) in the financial statements.

At the commencement of a lease, the District initially measures the right-to-use liability at the total of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the lease payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the lease or subscription-based IT agreement.

The term includes the noncancellable period of the lease. Payments included in the measurement of the lease or subscription-based IT agreement are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with the General Fixed Asset account group and right-to-use liabilities are reported with the General Long-Term Debt account group in the Statement of Assets, Liabilities, and Fund Balances.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

*J. Governmental Fund Balances*

Governmental fund balances are reported as “reserved” because they are legally segregated for a specific future use. The remaining balances are “unreserved” fund balances.

*K. Property Tax Calendar and Revenues*

The District’s property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2022 levy was passed by the Board on December 14, 2022. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

*L. Total Memorandum Only*

The “Total Memorandum Only” column represents the aggregation (by addition) of the line item amounts reported for each fund and account group. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

**NOTE 2 - DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENT**

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7.

*Deposits*

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of June 30, 2023, deposits with financial institutions are fully insured or collateralized by securities held in the District’s name.

*Investments and Fair Value Measurement*

As of June 30, 2023, the District had the following investments, maturities and fair value measurement:

Types of Investment	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurements Using		Net Asset Value (NAV)
				Level 1	Level 2	
State Investment Pool	AAAm	less than 1 year	\$ 11,328,752	\$ -	\$ -	\$ 11,328,752
Certificates of Deposit	N/A	less than 1 year	5,019,974	-	5,019,974	-
Treasury Securities	AAA	less than 1 year	998,847	998,847	-	-
<b>Total Investments</b>			<b>\$ 17,347,573</b>	<b>\$ 998,847</b>	<b>\$ 5,019,974</b>	<b>\$ 11,328,752</b>

The fair value of investments in the State Investment Pool is the same as the value of pool shares, NAV. The State Investment Pool is not SEC-registered but does have regulatory oversight through the State of Illinois.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; debt



## NOTES TO FINANCIAL STATEMENTS (Continued)

securities and certificates of deposit classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

*Interest Rate Risk.* The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided.

### NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Land (Non-depreciable)	\$ 791,988	\$ -	\$ -	\$ 791,988
Building and Building Improvements	13,115,510	308,545	-	13,424,055
Site Improvements and Infrastructure	1,696,192	-	-	1,696,192
Capitalized Equipment	5,598,815	195,844	-	5,794,659
Construction in Progress (Non-depreciable)	5,046	53,923	-	58,969
Total Capital Assets at historical cost	<u>\$ 21,207,551</u>	<u>\$ 558,312</u>	<u>\$ -</u>	<u>\$ 21,765,863</u>
Less Accumulated Depreciation				
Building and Building Improvements	\$ 6,216,359	\$ 262,492	\$ -	\$ 6,478,851
Site Improvements and Infrastructure	805,299	84,810	-	890,109
Capitalized Equipment	4,960,533	179,438	-	5,139,971
Total Accumulated Depreciation	<u>\$ 11,982,191</u>	<u>\$ 526,740</u>	<u>\$ -</u>	<u>\$ 12,508,931</u>
Capital Assets, net	<u>\$ 9,225,360</u>	<u>\$ 31,572</u>	<u>\$ -</u>	<u>\$ 9,256,932</u>

### NOTE 4 - CHANGES IN LONG-TERM LIABILITIES

Changes in right-to-use liabilities are summarized as follows:

	Balance			Balance	Amounts
	July 1, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
Right-to-Use Liabilities					
Right-to-Use Liabilities - Copier	\$ 165,215	\$ -	\$ 85,912	\$ 79,303	\$ 72,695
Total Right-to-Use Liabilities	<u>\$ 165,215</u>	<u>\$ -</u>	<u>\$ 85,912</u>	<u>\$ 79,303</u>	<u>\$ 72,695</u>

Right-to-use liabilities consisted of the following at June 30, 2023:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Right-to-Use Liabilities - Copier	7/1/2024	-	\$ 396,517	\$ 79,303

At June 30, 2023, the annual requirements to service right-to-use liabilities are:

Year Ending June 30	Principal	Interest	Total
2024	\$ 72,695	\$ -	\$ 72,695
2025	6,608	-	6,608
	<u>\$ 79,303</u>	<u>\$ -</u>	<u>\$ 79,303</u>

The Educational Fund will be used to liquidate the copiers lease.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - SPECIAL TAX LEVIES AND RESERVED EQUITY**

*A. Special Education Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Educational Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balance. Accordingly, there is no reserved fund balance for this tax levy.

*B. Social Security Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. A portion, \$126,193, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future social security disbursements.

*C. Student Activity Funds*

Cash receipts and related cash disbursements for these funds are accounted for in the Educational Fund. A portion, \$116,698, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future student activity fund disbursements.

**NOTE 6 - INTERFUND TRANSFERS**

The following interfund transfers were made during the year ended June 30, 2023:

Transfer from	Transfer To	Amount
Educational Fund	Debt Services Fund	\$ 85,912

The transfer from the Educational Fund to the Debt Services Fund was made for payments of principal on lease agreements.

**NOTE 7 - DEFICIT FUND BALANCE**

No District fund had a deficit fund balance at June 30, 2023.

**NOTE 8 - PROPERTY TAXES**

Taxes recorded in these financial statements are from the 2022 (\$7,507,849) and 2021 (\$6,463,689) tax levies.

A summary of the past three years' assessed valuations, tax rates, and extensions follows:

TAX YEAR ASSESSED VALUATION	2022 \$439,912,294		2021 \$414,022,065		2020 \$394,728,772	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Educational	2.6585	\$ 11,695,244	2.5804	\$ 10,683,388	2.5632	\$ 10,117,574
Tort Immunity	0.0310	136,448	0.0517	214,157	0.0510	201,363
Special Education	0.0535	235,371	0.0522	216,103	0.0510	201,363
Operations and Maintenance	0.4320	1,900,483	0.4585	1,898,192	0.4516	1,782,769
Transportation	0.0476	209,543	0.0917	379,638	0.0908	358,520
Fire Prevention/Safety	0.0003	1,416	0.0003	1,267	0.0003	1,184
Working Cash	0.0134	58,966	0.0129	53,541	0.0100	39,291
Municipal Retirement	0.0169	74,556	0.0165	68,144	0.0753	297,128
Social Security	0.0169	74,556	0.0165	68,144	0.0753	297,128
Revenue Recapture	0.0100	43,930	0.0077	32,074	0.0000	-
	<u>3.2803</u>	<u>\$ 14,430,513</u>	<u>3.2884</u>	<u>\$ 13,614,648</u>	<u>3.3685</u>	<u>\$ 13,296,320</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2023, the following District fund had expenditures that exceeded the budget:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Actual Over Budget</u>
Educational Fund	\$ 13,759,359	\$ 15,198,145	\$ 1,438,786

### NOTE 10 - RETIREMENT FUND COMMITMENTS

#### A. *Teachers' Retirement System of the State of Illinois*

##### *General Information About the Pension Plan*

##### Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/acfrs/fy2022>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

##### Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with ten years, or age 55 with 20 years. The benefit is determined by the average of the four highest consecutive years of creditable earnings within the last ten years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with ten years of service, or a discounted annuity can be paid at age 62 with ten years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows

## NOTES TO FINANCIAL STATEMENTS (Continued)

inactive vested Tier I and II. members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be funded by bonds issued by the state of Illinois.

### Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2023 was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$4,938,643 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2023 were \$52,783.

Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2023, the District pension contribution was 10.49% of salaries paid from federal and special trust funds. For the year ended June 30, 2023, salaries totaling \$108,588 were paid from federal and special trust funds that required District contributions of \$11,391.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2023, the District paid \$7,954 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

### *B. Illinois Municipal Retirement Fund*

#### Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer

## NOTES TO FINANCIAL STATEMENTS (Continued)

public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at [www.imrf.org](http://www.imrf.org).

### Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	57
Inactive plan members entitled to but not yet receiving benefits	138
Active plan members	74
Total	<u>269</u>

### Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rates for calendar years 2022 and 2023 were 7.04% and 5.63%, respectively. For the fiscal

## NOTES TO FINANCIAL STATEMENTS (Continued)

year ended June 30, 2023, the District contributed \$143,522 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### C. Social Security

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid the total required contribution for the current fiscal year.

## NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS

### A. Teacher Health Insurance Security Fund (THIS)

#### *General Information About the OPEB Plan*

##### Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

##### Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.

## NOTES TO FINANCIAL STATEMENTS (Continued)

- Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
- Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
- Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

### Contributions

For the fiscal year ended June 30, 2023, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% of each teacher's salary. For the fiscal year ended June 30, 2022, the employee contribution was 0.90% of salary and the employer contribution was 0.67% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer. Total employer contributions for the fiscal year ended June 30, 2023 were \$60,985.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$93,551 in benefit contributions from the State of Illinois.

### *B. Retiree Insurance Plan*

#### Plan Overview

In addition to the retirement plans described in Note 10, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

##### Medical Coverage

###### *Administrators*

The District pays 100% of the premium for District medical coverage for the individual and spouse. The subsidy for both the retiree and spouse ends upon attainment of age 65 by the retiree.

###### *Certified Teachers*

The District offers the option of an annual \$2,000 cash payment or an annual \$2,000 contribution for TRIP coverage. The subsidy ends upon attainment of age 65 by the retiree. The amount stays fixed and does not increase.

###### *IMRF Employees*

IMRF employees may continue coverage into retirement on the District plans if they pay the entire premium. Dependents may also continue coverage on a pay-all basis. Coverage may continue for as long as required contributions are paid.

The Plan does not issue a stand-alone financial report.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

#### *Administrators and Certified Teachers*

Employees must meet the Teachers' Retirement System ("TRS") requirements for participation in the TRS retirement program:

Tier I Members (First Contributed Prior to January 1, 2011)

- Age 62 with 5 years of service, or
- Age 60 with 10 years of service, or
- Age 55 with 20 years of service (discounted benefits), or
- Age 55 with 35 years of service.

#### *Administrators and Certified Teachers (Continued)*

Tier II Members (First Contributed On or After January 1, 2011)

- 62 years old with 10 years of service (reduced pension), or
- 67 years old with 10 years of service (full pension).

#### *IMRF Employees*

Employees must meet the following Illinois Municipal Retirement Fund ("IMRF") requirements for participation in the IMRF retirement program.

Regular Plan Tier I (Enrolled in IMRF Prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)

Regular Plan Tier II (Enrolled in IMRF Prior to January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)

### Contributions

The total cash payments made under OPEB plan provisions for the current year were \$6,667.

## **NOTE 12 - JOINT VENTURE - SPECIAL EDUCATION DISTRICT OF McHENRY COUNTY (SEDOM)**

The District and ten other districts within McHenry County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of SEDOM at June 30, 2022 (most recent information available) is as follows:

Assets	<u>\$ 9,671,661</u>
Liabilities	\$ 809
Fund Equity	<u>9,670,852</u>
	<u>\$ 9,671,661</u>
Revenues Received	\$ 1,284,376
Expenditures Disbursed	1,633,971
Other Financing Sources (Uses)	-
Net Increase/(Decrease) in Fund Balance	<u>\$ (349,595)</u>

Complete financial statements for SEDOM can be obtained from the Administrative Offices at 1200 Claussen Drive, Woodstock, Illinois 60098

## **NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; and injuries to employees.



## NOTES TO FINANCIAL STATEMENTS (Continued)

The District is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

As of June 30, 2023, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

### NOTE 14 - RELATED PARTY TRANSACTIONS

The District shares some employees with Richmond Burton Community High School No. 157. The total invoiced for the shared services was \$500,727 for the year ended June 30, 2023.

### NOTE 15 - CONTINGENCIES

The District is not aware of any litigation which might have a material adverse effect on the District's financial position.

### NOTE 16 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2022 EAV	\$ 439,912,294
Rate	<u>6.90%</u>
Debt Margin	\$ 30,353,948
Current Debt	<u>79,303</u>
Remaining Debt Margin	<u>\$ 30,274,645</u>

### NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

The District has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes financial reporting standards related to subscription-based information technology arrangements. Implementation of this standard resulted in recognizing the fair market value of the liability and asset at the commencement of the agreement. There have been no changes to the previously issued audited financial statements which would be required on a retrospective basis.

SUPPLEMENTAL FINANCIAL INFORMATION

NIPPERSINK SCHOOL DISTRICT NO. 2  
 COMPUTATION OF OPERATING EXPENSE PER PUPIL  
 AND PER CAPITA TUITION CHARGE  
 AT JUNE 30, 2023

<b>OPERATING EXPENSE PER PUPIL</b>	
<b>EXPENDITURES:</b>	
Education	\$ 14,970,876
Operations & Maintenance	2,050,390
Debt Service	85,912
Transportation	400,704
Illinois Municipal Retirement/Social Security Fund	461,032
Tort	159,435
<b>Total Expenditures</b>	<b>\$ 18,128,349</b>
<b>LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:</b>	
Summer School Programs	\$ 37,520
Special Education Programs K-12 - Private Tuition	412,620
Total Payments to Other Govt Units	72,507
Capital Outlay-ED	124,739
Capital Outlay-O&M	433,574
Debt Service - Payments of Principal on Long-Term Debt	85,912
Pre-K Programs	33,615
Summer School Programs	2,019
<b>Total Deductions for OEOO Computation</b>	<b>\$ 1,202,506</b>
<b>Total Operating Expenses Regular K-12</b>	<b>16,925,843</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2022-2023</b>	<b>1,011.08</b>
<b>Estimated OEPP</b>	<b>\$ 16,740.36</b>

<b>PER CAPITA TUITION CHARGE</b>	
<b>LESS OFFSETTING RECEIPTS/REVENUES:</b>	
Total Food Service	\$ 147,114
Total District/School Activity Income (without Student Activity Funds)	38,207
Rentals - Regular Textbooks	82,232
Other	23,805
Payment from Other Districts	1,906
Total Special Education	195,627
State Free Lunch & Breakfast	323
Total Transportation	111,469
School Infrastructure - Maintenance Projects	50,000
Other Restricted Revenue from State Sources	945
Total Food Service	171,882
Total Title I	121,582
Total Title IV	10,000
Fed - Spec Education - IDEA - Flow Through	281,145
Title II - Teacher Quality	26,050
Medicaid Matching Funds - Administrative Outreach	33,256
Other Restricted Revenue from Federal Sources	180,891
Adjusting for FY20, FY21, or FY22 revenue received in FY23 for FY20, FY21, or FY22 Expenses	(11,781)
Special Education Contributions from EBF Funds	473,700
English Learning (Bilingual) Contributions from EBF Funds	447
<b>Total Deductions for PCTC Computation</b>	<b>\$ 1,938,800</b>
<b>Net Operating Expense for Tuition Computation</b>	<b>14,987,043</b>
<b>Total Depreciation Allowance (from page 36, Line 18, Col I)</b>	<b>526,740</b>
<b>Total Allowance for PCTC Computation</b>	<b>15,513,783</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2022-2023</b>	<b>1,011.08</b>
<b>Total Estimated PCTC</b>	<b>\$ 15,343.77</b>

Unaudited

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Education  
Nippersink School District No. 2  
Richmond, Illinois

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited

Nippersink School District No. 2's

compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Nippersink School District No. 2's major federal programs for the year ended June 30, 2023. Nippersink School District No. 2's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Nippersink School District No. 2 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nippersink School District No. 2's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Nippersink School District No. 2's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Nippersink School District No. 2's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, and 2023-007. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Nippersink School District No. 2's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Nippersink School District No. 2's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-006 and 2023-007 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Nippersink School District No. 2's response to the internal control over compliance findings identified in our audit which are described in the accompanying Schedule of Findings and Questioned Costs. Nippersink School District No. 2's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The 2022 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures by us in our report dated October 6, 2022 expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2022 financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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McHenry, Illinois  
November 16, 2023

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget  (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Year 7/1/21-6/30/22 (E)	Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)			
CHILD NUTRITION CLUSTER										
US Department of Agriculture										
Passed Through Department of Defense:										
Food Donations Program (Non-Cash Commodities)	10.555	23-4299-00		16,318			16,318		16,318	N/A
Passed Through Illinois State Board of Education:										
Food Donations Program (Non-Cash Commodities)	10.555	23-4299-00		15,626			15,626		15,626	N/A
National School Lunch Program *	10.555	22-4210-00	309,558	21,303	309,558		21,303		330,861	N/A
National School Lunch Program *	10.555	23-4210-00		106,832			106,832		106,832	N/A
COVID-19 ARP National School Lunch Program *	10.555	22-4210-BT		628			628		628	N/A
COVID-19 ARP Nutrition Supply Chain Assistance *	10.555	22-4210-SC		23,725			23,725		23,725	N/A
COVID-19 ARP Nutrition Supply Chain Assistance *	10.555	23-4210-SC		19,393			19,393		19,393	N/A
Subtotal CFDA 10.555			309,558	203,825	309,558	0	203,825	0	513,383	
Total Child Nutrition Cluster			309,558	203,825	309,558	0	203,825	0	513,383	
Subtotal CFDA "10"			309,558	203,825	309,558	0	203,825	0	513,383	
Federal Communications Commission										
COVID-19 Emergency Connectivity Fund Program	32.009	22-4998-00		1,410			1,410		1,410	N/A
Subtotal CFDA 32.009			0	1,410	0	0	1,410	0	1,410	
Subtotal CFDA "32"			0	1,410	0	0	1,410	0	1,410	
US Department of Education									0	
Passed Through Illinois State Board of Education:										
SPECIAL EDUCATION CLUSTER										
Special Education - IDEA Flow Through (M)	84.027	22-4620-00	208,736	8,696	216,843		589		217,432	229,006
Special Education - IDEA Flow Through (M)	84.027	23-4620-00		272,449			303,932		303,932	349,566
COVID-19 ARP IDEA Flow Through (M)	84.027X	22-4998-ID		49,498			49,498		49,498	49,579
Subtotal CFDA 84.027			208,736	330,643	216,843	0	354,019	0	570,862	



**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget  (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Year 7/1/21-6/30/22 (E)	Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)			
Special Education - Preschool IDEA Flow Through (M)	84.173	23-4600-00		14,341			14,341		14,341	14,341
COVID-19 ARP Preschool IDEA Flow Through (M)	84.173X	22-4998-PS		4,906			4,906		4,906	4,906
Subtotal CFDA 84.173			0	19,247	0	0	19,247	0	19,247	
Total Special Education Cluster			208,736	349,890	216,843	0	373,266	0	590,109	
Title I - Low Income	84.010	22-4300-00	87,120	18,051	105,171		0		105,171	105,171
Title I - Low Income	84.010	23-4300-00		103,531			107,546		107,546	109,370
Subtotal CFDA 84.010			87,120	121,582	105,171	0	107,546	0	212,717	
Title IVA - Student Support & Academic Enrich	84.424	23-4400-00		10,000			10,000		10,000	10,000
Subtotal CFDA 84.424			0	10,000	0	0	10,000	0	10,000	
Title II - Teacher Quality	84.367	23-4932-00		26,050			26,050		26,050	26,050
Subtotal CFDA 84.367			0	26,050	0	0	26,050	0	26,050	
COVID-19 Elementary and Secondary Emergency Relief Fund (M)	84.425D	21-4998-E2	295,813	86,531	307,594		74,750		382,344	382,466
COVID-19 ARP – LEA and COOP American Rescue Plan (M)	84.425U	22-4998-E3	232,206	33,724	232,206		33,724		265,930	887,988
COVID-19 ARP - Homeless Children and Youth Grant (M)	84.425W	22-4998-HL		4,700			4,700		4,700	5,259
COVID-19 Elementary and Secondary Emergency Relief Fund * (M)	84.425D	23-4998-E2		122			122		122	122
Subtotal CFDA 84.425			528,019	125,077	539,800	0	113,296	0	653,096	
Subtotal CFDA "84"			823,875	632,599	861,814	0	630,158	0	1,491,972	

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget  (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Year 7/1/21-6/30/22 (E)	Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)			
MEDICAID CLUSTER										
US Department of Health and Family Services										
Passed Through Illinois Department of Health and Family Services:										
Medicaid Administrative Outreach	93.778	22-4991-00	20,196	8,189	28,385				28,385	N/A
Medicaid Administrative Outreach	93.778	23-4991-00		26,452			35,043		35,043	N/A
Subtotal CFDA 93.778			20,196	34,641	28,385	0	35,043	0	63,428	
Total Medicaid Cluster			20,196	34,641	28,385	0	35,043	0	63,428	
Subtotal CFDA "93"			20,196	34,641	28,385	0	35,043	0	63,428	
									0	
Total Federal Assistance			1,153,629	872,475	1,199,757	0	870,436	0	2,070,193	
									0	
* Project End 9/30									0	
									0	

• (M) Program was audited as a major program as defined by §200.518.

**\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

<sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

<sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

<sup>3</sup> When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

<sup>4</sup> The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

NIPPERSINK SCHOOL DISTRICT NO. 2  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal award activity of Nippersink School District No. 2 under programs of the federal government for the year ended June 30, 2023 and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, and used in the preparation of, the basic financial statements.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

**NOTE 4 - SUBRECIPIENTS**

The District did not provide federal awards to subrecipients during the year ended June 30, 2023.

**NOTE 5 - FEDERAL LOANS**

There were no federal loans or loan guarantees outstanding at year end.

**NOTE 6 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)**

The District was not the recipient of federally donated PPE.

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

- 1) Summary of auditor's results:
  - a) The auditor's report expresses an adverse opinion on whether the financial statements of Nippersink School District No. 2 were prepared in accordance with GAAP, however it expresses an unmodified opinion on the use of the regulatory cash basis of accounting.
  - b) One material weakness disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No significant deficiencies are reported.
  - c) No instances of noncompliance material to the financial statements of Nippersink School District No. 2, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
  - d) Two significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses in internal control over major federal award programs are reported.
  - e) The auditor's report on compliance for the major federal award programs for Nippersink School District No. 2 expresses an unmodified opinion on all major federal programs.
  - f) Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a) are reported in this schedule.
  - g) The programs tested as major programs were: Special Education Cluster - IDEA (CFDA #84.027, 84.027X, 84.173, and 84.173X), and COVID-19 Elementary and Secondary Emergency Relief Fund (CFDA #84.425D, 84.425U, and 84.425W).
  - h) The threshold used for distinguishing between Type A and B programs was \$750,000.
  - i) Nippersink School District No. 2 was determined to not be a low-risk auditee.
- 2) The finding relating to the financial statements which are required to be reported are detailed in finding number 2023-001.
- 3) Findings relating to federal awards which are required to be reported are detailed in finding numbers 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

---

1. FINDING NUMBER:<sup>11</sup>

2023 - 001

2. THIS FINDING IS:

New

Repeat from Prior Year?

Year originally reported? \_\_\_\_\_

---

**3. Criteria or specific requirement**

Management is responsible for the accuracy and completeness of all financial records.

---

**4. Condition**

During the course of our audit, material misstatements of the financial records were found, resulting in adjusting entries.

---

**5. Context<sup>12</sup>**

There were several material journal entries made to the financial records of the District.

---

**6. Effect**

The financial records were materially misstated prior to the start of the audit.

---

**7. Cause**

The District's control policies and procedures did not detect or prevent the misstatements.

---

**8. Recommendation**

Management should develop a process to identify potential adjustments throughout the year and during the year end reporting process to minimize potential adjustments by the auditor.

---

**9. Management's response<sup>13</sup>**

Management will work on making sure items get recorded correctly.

---

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<sup>11</sup> A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year **2021** would be assigned a reference number of **2021-001**, **2021-002**, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

---

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

**1. FINDING NUMBER:<sup>14</sup>**                    **2023 - 002**                    **2. THIS FINDING IS:**                     New                     Repeat from Prior year?  
Year originally reported?                    2022-001

---

**3. Federal Program Name and Year:**                    Title I - Low Income

**4. Project No.:**                    4300-00                    **5. CFDA No.:**                    84.010

**6. Passed Through:**                    Illinois State Board of Education

**7. Federal Agency:**                    US Department of Education

---

**8. Criteria or specific requirement (including statutory, regulatory, or other citation)**  
Management is responsible for filing grant reports by the applicable due date.

---

**9. Condition<sup>15</sup>**  
During the course of our audit, we determined grant reports were not filed by the required due dates.

---

**10. Questioned Costs<sup>16</sup>**  
N/A

---

**11. Context<sup>17</sup>**  
Grant reports were submitted late.

---

**12. Effect**  
Reports were received by funding agencies after the required due dates.

---

**13. Cause**  
Due to processing delay, grant reports were not submitted to funding agencies by the due date.

---

**14. Recommendation**  
Management should develop a process to ensure all grant reports are filed by the required due dates.

---

**15. Management's response<sup>18</sup>**  
Management will reinforce procedures to ensure all grant reports are submitted by the required due date.

---

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

---

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

**1. FINDING NUMBER:**<sup>14</sup>      **2023 - 003**      **2. THIS FINDING IS:**       New       Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

**3. Federal Program Name and Year:**      \_\_\_\_\_ **ESSER** \_\_\_\_\_

**4. Project No.:**      \_\_\_\_\_ **4998-E2, 4998-E3, 4998-HL**      **5. CFDA No.:**      \_\_\_\_\_ **84.425D, 84.425U & 84.425W** \_\_\_\_\_

**6. Passed Through:**      \_\_\_\_\_ **Illinois State Board of Education** \_\_\_\_\_

**7. Federal Agency:**      \_\_\_\_\_ **US Department of Education** \_\_\_\_\_

**8. Criteria or specific requirement (including statutory, regulatory, or other citation)**  
Management is responsible for accurately filing expenditure reports.

**9. Condition**<sup>15</sup>  
When filing the expenditure report the District used the remaining budget amount from the spreadsheet they use to track expenditures and reported the remaining budget amount instead of using the actual expenditure amount to report as expenditures.

**10. Questioned Costs**<sup>16</sup>  
\$162

**11. Context**<sup>17</sup>  
Expenditures for COVID-19 ARP - Homeless Children and Youth Grant was not properly claimed. Expenditures for function 1000 object 400 was incorrectly claimed.

**12. Effect**  
More expenditures were reimbursed than the District actually spent.

**13. Cause**  
District mistakenly entered the wrong amount of expenditures.

**14. Recommendation**  
District should submit corrections for the questioned costs.

**15. Management's response**<sup>18</sup>  
Management will review and implement procedures to make sure this does not happen in the future.

---

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

**1. FINDING NUMBER:<sup>14</sup>**                    **2023 - 004**                    **2. THIS FINDING IS:**                     New                     Repeat from Prior year?  
Year originally reported?                    2022-003

---

**3. Federal Program Name and Year:**                    ESSER

**4. Project No.:**                    4998-E2, 4998-E3, 4998-HL                    **5. CFDA No.:**                    84.425D, 84.425U & 84.425W

**6. Passed Through:**                    Illinois State Board of Education

**7. Federal Agency:**                    US Department of Education

---

**8. Criteria or specific requirement (including statutory, regulatory, or other citation)**  
Management is responsible for documenting its asset tracking policy.

---

**9. Condition<sup>15</sup>**  
During the course of our audit, we determined that the District does not have a written asset tracking policy.

---

**10. Questioned Costs<sup>16</sup>**  
N/A

---

**11. Context<sup>17</sup>**  
Since this is a new grant the District was not aware of the requirement to have a written asset tracking policy.

---

**12. Effect**  
District does not have an asset tracking policy per the compliance requirement.

---

**13. Cause**  
District was not aware of this compliance requirement.

---

**14. Recommendation**  
District should review compliance requirements to ensure all compliance requirements are met.

---

**15. Management's response<sup>18</sup>**  
The District will review compliance requirements to ensure all compliance requirements are met.

---

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.



**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

1. FINDING NUMBER:<sup>14</sup>                    **2023 - 005**                    2. THIS FINDING IS:                     New                     Repeat from Prior year?  
Year originally reported?                    2022-002

---

3. Federal Program Name and Year:                    ESSER

4. Project No.:                    4998-E2, 4998-E3, 4998-HL                    5. CFDA No.:                    84.425D, 84.425U & 84.425W

6. Passed Through:                    Illinois State Board of Education

7. Federal Agency:                    US Department of Education

---

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Management is responsible for documenting personnel expenses (time and effort) for employees that had part of their salary charged to the grant.

---

9. Condition<sup>15</sup>  
During the course of our audit, we determined that the personnel expense (time and effort) was not documented for employees that had part of their salary charged to the grant.

---

10. Questioned Costs<sup>16</sup>  
N/A

---

11. Context<sup>17</sup>  
Since this is a new grant the District was not aware of the requirement to document personnel expenses (time and effort) for employees that had part of their salary charged to the grant.

---

12. Effect  
District does not have documentation for personnel expense (time and effort) per the compliance requirements.

---

13. Cause  
District was not aware of this compliance requirement.

---

14. Recommendation  
District should review compliance requirements to ensure all compliance requirements are met.

---

15. Management's response<sup>18</sup>  
The District will review compliance requirements to ensure all compliance requirements are met and will implement changes going forward to ensure personnel expense (time and effort) is documented.

---

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

1. FINDING NUMBER:<sup>14</sup>                    **2023 - 006**                    2. THIS FINDING IS:                     New                     Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

3. Federal Program Name and Year:                    \_\_\_\_\_ **Special Education Cluster** \_\_\_\_\_

4. Project No.:                    **4620-00, 4998-ID, 4600-00, 4998-PS**                    5. CFDA No.:                    **84.027, 84.027X, 84.173, 84.173X**

6. Passed Through:                    \_\_\_\_\_ **Illinois State Board of Education** \_\_\_\_\_

7. Federal Agency:                    \_\_\_\_\_ **US Department of Education** \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
District is required to have controls over expenditure reports to correctly claim the expenditures.

9. Condition<sup>15</sup>  
One of the transactions claimed was for more than the check amount.

10. Questioned Costs<sup>16</sup>  
None reported as this transaction was for more than the actual check but they had more expenditures that could have been claimed under the grant that they did not report due to the budget being fully reached.

11. Context<sup>17</sup>  
A clerical error caused amount to be claimed for more than the check amount.

12. Effect  
District was reimbursed before full amount of the budget was expended.

13. Cause  
District mistakenly entered the wrong amount of expenditures.

14. Recommendation  
District should implement better review procedures of expenditure reports before they are submitted for reimbursement.

15. Management's response<sup>18</sup>  
Management will review and implement procedures to make sure this does not happen in the future.

---

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

---

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

**1. FINDING NUMBER:<sup>14</sup>**                    **2023 - 007**                    **2. THIS FINDING IS:**                     New                     Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

**3. Federal Program Name and Year:**                    \_\_\_\_\_ **ESSER** \_\_\_\_\_

**4. Project No.:**                    **4998-E2, 4998-E3, 4998-HL**                    **5. CFDA No.:**                    **84.425D, 84.425U & 84.425W**

**6. Passed Through:**                    \_\_\_\_\_ **Illinois State Board of Education** \_\_\_\_\_

**7. Federal Agency:**                    \_\_\_\_\_ **US Department of Education** \_\_\_\_\_

**8. Criteria or specific requirement (including statutory, regulatory, or other citation)**  
Recipients are required to submit accurate data to the state for full time equivalent positions.

**9. Condition<sup>15</sup>**  
Data submitted to the state showed a very low full time equivalent compared to total employees.

**10. Questioned Costs<sup>16</sup>**  
N/A

**11. Context<sup>17</sup>**  
Did not understand what the report was asking for and there was no review done to catch the error.

**12. Effect**  
Data was not accurately submitted.

**13. Cause**  
District procedures did not detect or prevent this error.

**14. Recommendation**  
District should develop and implement procedures to make sure report is accurately completed and have reports reviewed by a second person prior to submission.

**15. Management's response<sup>18</sup>**  
Management will implement procedures to make sure reports are accurate and reviewed before submitting.

---

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).  
<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2023**

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> <sup>20</sup>
2022-001	During the course of our audit, we determined grant reports were not filed by the required due dates.	Still an issue - reported as finding in current year
2022-002	During the course of our audit, we determined that the personnel expense (time and effort) was not documented for employees that had part of their salary charged to the grant.	Still an issue; however, related to a different grant in the current year - reported as finding in current year
2022-003	During the course of our audit, we determined that the District does not have a written asset tracking policy and inventory tracking documentation.	Partially correct - they now have inventory tracking but they still do not have a written asset tracking policy. Will report not having written asset tracking policy as a finding in the current year

---

When possible, all prior findings should be on the same page

<sup>19</sup> Explanation of this schedule - §200.511 (b)

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

# NIPPERSINK SCHOOL DISTRICT 2

4213 US Highway 12

Richmond, IL 60071

\* \* \* \* \*

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FAX: 815-675-0413

www.nippersinkdistrict2.org

---

Dr. Tom Lind, Superintendent  
Dr. Patrick Enright, Assistant Superintendent  
Denise Levendoski, Business Manager

Michelle Smith, Richmond Grade School Principal  
Scott Whipple, Nippersink Middle School Principal  
Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-001

**Condition:**

During the course of our audit, material misstatements of the financial records were found, resulting in adjusting entries.

**Plan:**

Management will work on making sure items get recorded correctly.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A

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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-002

**Condition:**

During the course of our audit, we determined grant reports were not filed by the required due dates.

**Plan:**

Management will reinforce procedures to ensure all grant reports are submitted by the required due date.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A

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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-003

#### Condition:

When filing expenditure report the District used the remaining budget amount from the spreadsheet they use to track expenditures and reported the remaining budget amount instead of using the actual expenditure amount to report as expenditures.

#### Plan:

Management will review and implement procedures to make sure this does not happen in the future.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A

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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-004

**Condition:**

During the course of our audit, we determined that the District does not have a written asset tracking policy.

**Plan:**

The District will review compliance requirements to ensure all compliance requirements are met.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A



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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-005

#### Condition:

During the course of our audit, we determined that the personnel expense (time and effort) was not documented for employees that had part of their salary charged to the grant.

#### Plan:

The District will review compliance requirements to ensure all compliance requirements are met and will implement changes going forward to ensure personnel expense (time and effort) is documented.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A

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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-006

**Condition:**

One of the transactions claimed was for more than the check amount.

**Plan:**

Management will review and implement procedures to make sure this does not happen in the future.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A

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Chris Pittman, Spring Grove School Principal

## CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS Year Ending June 30, 2023

### Corrective Action Plan

Finding No.: 2023-007

**Condition:**

Data submitted to the state showed a very low full-time equivalent compared to total employees

**Plan:**

Management will implement procedures to make sure reports are accurate and reviewed before submitting.

Anticipated Date of Completion: 6/30/2024

Name of Contact Person: Denise Levendoski, Business Manager/Treasurer/CSBO

Management Response: N/A