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

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2022***

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NIPPERSINK SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4
BASIC FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions – Regulatory Basis – All Funds and Account Groups	6
Statement of Revenue Received, Expenditures Disbursed, Other Financing Sources (Uses), and Changes in Fund Balances – All Funds	8
Statement of Revenue Received – All Funds	10
Statement of Expenditures Disbursed – Budget to Actual	
Educational Fund	12
Operations and Maintenance Fund	16
Debt Service Fund	17
Transportation Fund	18
Illinois Municipal Retirement/Social Security Fund	19
Capital Projects Fund	21
Tort Fund	22
Notes to Financial Statements	23
SUPPLEMENTAL FINANCIAL INFORMATION	
Computation of Operating Expense Per Pupil and Per Capita Tuition Charge	37
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION	
Independent Auditor's Report on Compliance with Each Major Program and On Internal Control Over Compliance Required by Uniform Guidance	38
Schedule of Expenditures of Federal Awards	41
Notes to the Schedule of Expenditures of Federal Awards	44

NIPPERSINK SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
JUNE 30, 2022

	PAGE
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION (Continued)	
Schedule of Findings and Questioned Costs	45
Summary Schedule of Prior Audit Findings	50
Corrective Action Plan for Current Year Audit Findings	51



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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, 2022, 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, 2022, 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, 2022, or changes in financial position and cash flows 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

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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. 87, *Leases*. 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.

### ***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 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, 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 October 6, 2022 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.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 6, 2022







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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, 2022, 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 October 6, 2022. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## 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 2022-001, 2022-002, and 2022-003.

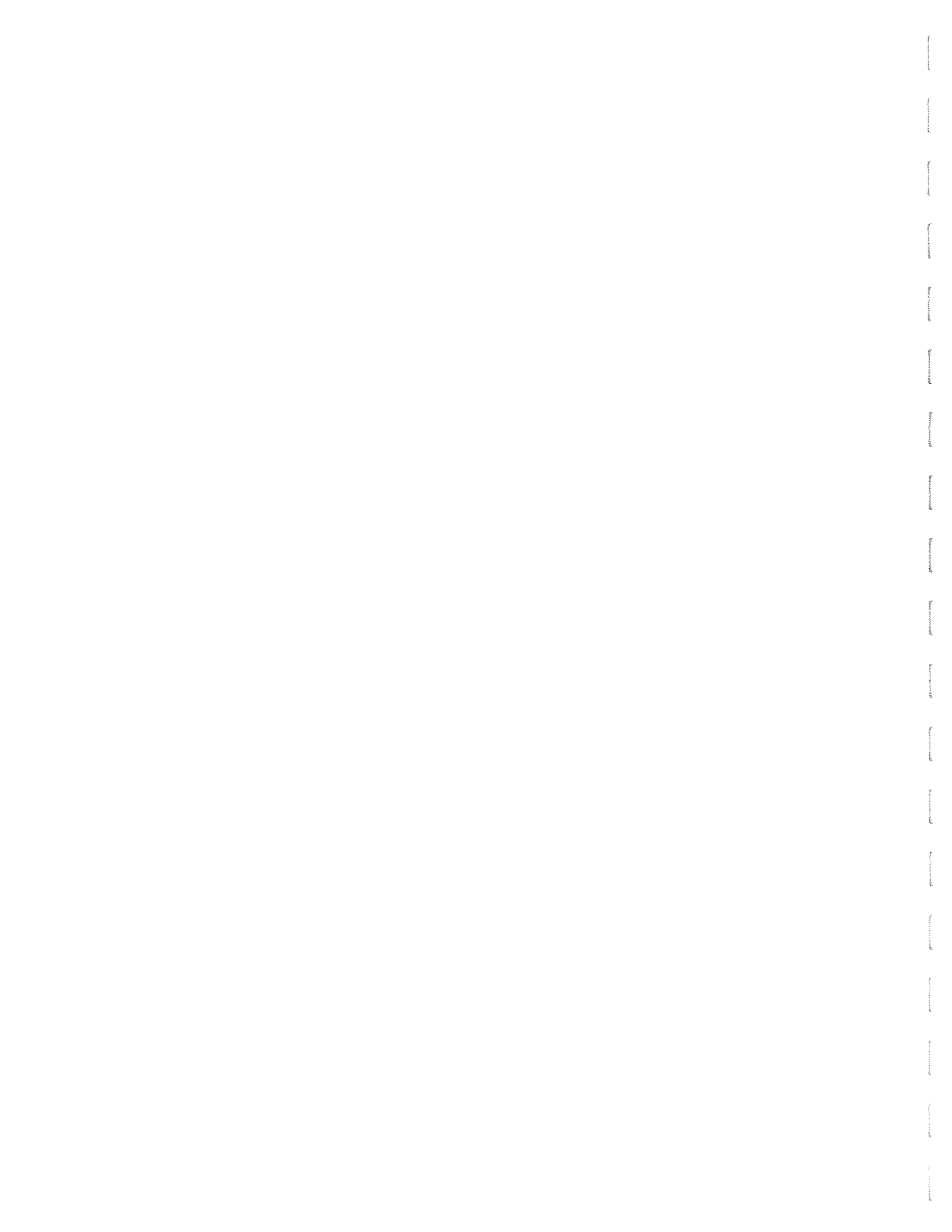
## Purpose of this Report

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.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 6, 2022

## 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, 2022

	OPERATIONS AND MAINTENANCE			DEBT SERVICES	TRANSPORTATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY		CAPITAL PROJECTS
	EDUCATIONAL	OPERATIONS AND MAINTENANCE						
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 6,496,702	\$ 3,274,095	\$ -	\$ 1,971,457	\$ 599,469	\$ 1,748,999		
Investments	2,284,765	1,151,437	-	693,324	210,822	615,090		
Other Receivables	14,957	2,938	-	-	1,889	-		
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>\$ 8,796,424</b>	<b>\$ 4,428,470</b>	<b>\$ -</b>	<b>\$ 2,664,781</b>	<b>\$ 812,180</b>	<b>\$ 2,364,089</b>		

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>								
Current Liabilities								
Other Payables	\$ 146,263	\$ 4,033	\$ -	\$ -	\$ 32	\$ -		
Payroll Deductions & Withholdings	88,084	-	-	-	-	-		
<b>Total Current Liabilities</b>	<b>\$ 234,347</b>	<b>\$ 4,033</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32</b>	<b>\$ -</b>		
Long-Term Liabilities								
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>\$ 234,347</b>	<b>\$ 4,033</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32</b>	<b>\$ -</b>		
<b>FUND BALANCE</b>								
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Fund Balance								
Reserved	102,039	-	-	-	360,433	-		
Unreserved								
Undesignated	8,460,038	4,424,437	-	2,664,781	451,715	2,364,089		
<b>Total Fund Balance</b>	<b>\$ 8,562,077</b>	<b>\$ 4,424,437</b>	<b>\$ -</b>	<b>\$ 2,664,781</b>	<b>\$ 812,148</b>	<b>\$ 2,364,089</b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,796,424</b>	<b>\$ 4,428,470</b>	<b>\$ -</b>	<b>\$ 2,664,781</b>	<b>\$ 812,180</b>	<b>\$ 2,364,089</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, 2022

ASSETS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
Cash and Cash Equivalents	\$ 906,986	\$ 547,216	\$ 100,907	\$ -	\$ -	\$ 15,645,831
Investments	318,969	192,445	35,487	-	-	5,502,339
Other Receivables	-	-	-	-	-	19,784
Capital Assets						
Land	-	-	-	791,988	-	791,988
Building and Building Improvements	-	-	-	13,115,510	-	13,115,510
Site Improvements and Infrastructure	-	-	-	1,696,192	-	1,696,192
Capitalized Equipment	-	-	-	5,598,815	-	5,598,815
Construction in Progress	-	-	-	5,046	-	5,046
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	165,215	165,215
<b>Total Assets</b>	<b>\$ 1,225,955</b>	<b>\$ 739,661</b>	<b>\$ 136,394</b>	<b>\$ 21,207,551</b>	<b>\$ 165,215</b>	<b>\$ 42,540,720</b>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES</b>						
Current Liabilities						
Other Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,328
Payroll Deductions & Withholdings	-	-	-	-	-	88,084
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,412
Long-Term Liabilities						
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ -	\$ 165,215	\$ 165,215
Total Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 165,215	\$ 165,215
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 165,215</b>	<b>\$ 403,627</b>
<b>FUND BALANCE</b>						
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ 21,207,551	\$ -	\$ 21,207,551
Fund Balance						
Reserved	-	-	-	-	-	462,472
Unreserved						
Undesignated	1,225,955	739,661	136,394	-	-	20,467,070
Total Fund Balance	\$ 1,225,955	\$ 739,661	\$ 136,394	\$ 21,207,551	\$ -	\$ 42,137,093
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,225,955</b>	<b>\$ 739,661</b>	<b>\$ 136,394</b>	<b>\$ 21,207,551</b>	<b>\$ 165,215</b>	<b>\$ 42,540,720</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, 2022

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
<b>REVENUE RECEIVED</b>					
Local Sources	\$ 11,300,921	\$ 1,866,045	\$ -	\$ 375,110	\$ 461,046
State Sources	1,329,260	-	-	94,408	-
Federal Sources	1,376,198	-	-	-	-
Student Activity Fund	86,829	-	-	-	-
State Retirement Contributions	4,358,331	-	-	-	-
	<u>\$ 18,451,539</u>	<u>\$ 1,866,045</u>	<u>\$ -</u>	<u>\$ 469,518</u>	<u>\$ 461,046</u>
<b>EXPENDITURES DISBURSED</b>					
Instruction	\$ 9,905,336	\$ -	\$ -	\$ -	\$ 204,244
Support Services	4,198,348	1,631,597	-	509,287	266,530
Payments to Other Districts and Governmental Units	1,788	-	-	-	-
Debt Services	-	-	72,695	-	-
Student Activity Fund	83,699	-	-	-	-
State Retirement Contributions	4,358,331	-	-	-	-
	<u>\$ 18,547,502</u>	<u>\$ 1,631,597</u>	<u>\$ 72,695</u>	<u>\$ 509,287</u>	<u>\$ 470,774</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED</b>	\$ (95,963)	\$ 234,448	\$ (72,695)	\$ (39,769)	\$ (9,728)
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers	(72,695)	-	72,695	-	-
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES</b>	\$ (168,658)	\$ 234,448	\$ -	\$ (39,769)	\$ (9,728)
<b>FUND BALANCE - JULY 1, 2021</b>	8,730,735	4,189,989	-	2,704,550	821,876
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 8,562,077</u>	<u>\$ 4,424,437</u>	<u>\$ -</u>	<u>\$ 2,664,781</u>	<u>\$ 812,148</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, 2022

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION AND SAFETY	TOTAL (MEMORANDUM ONLY)
<b>REVENUE RECEIVED</b>					
Local Sources	\$ 12,151	\$ 48,473	\$ 209,986	\$ 1,403	\$ 14,275,135
State Sources	-	-	-	-	1,423,668
Federal Sources	-	-	-	-	1,376,198
Student Activity Fund	-	-	-	-	86,829
State Retirement Contributions	-	-	-	-	4,358,331
	<u>\$ 12,151</u>	<u>\$ 48,473</u>	<u>\$ 209,986</u>	<u>\$ 1,403</u>	<u>\$ 21,520,161</u>
<b>EXPENDITURES DISBURSED</b>					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 10,109,580
Support Services	-	-	135,446	-	6,741,208
Payments to Other Districts and Governmental Units	-	-	-	-	1,788
Debt Services	-	-	-	-	72,695
Student Activity Fund	-	-	-	-	83,699
State Retirement Contributions	-	-	-	-	4,358,331
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,446</u>	<u>\$ -</u>	<u>\$ 21,367,301</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED</b>	\$ 12,151	\$ 48,473	\$ 74,540	\$ 1,403	\$ 152,860
<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>	\$ 12,151	\$ 48,473	\$ 74,540	\$ 1,403	\$ 152,860
<b>FUND BALANCE - JULY 1, 2021</b>	2,351,938	1,177,482	665,121	134,991	20,776,682
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 2,364,089</u>	<u>\$ 1,225,955</u>	<u>\$ 739,661</u>	<u>\$ 136,394</u>	<u>\$ 20,929,542</u>

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, 2022**

REVENUE RECEIVED	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
<b>Local Sources</b>					
Ad Valorem Taxes Levied					
Designated Purpose Levies	\$ 10,487,930	\$ 1,853,301	\$ -	\$ 371,605	\$ 178,994
Special Education Levy	210,220	-	-	-	-
FICA/Medicare Only Purposes Levy	-	-	-	-	178,997
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	249,778	-	-	-	102,022
Interest on Investments	7,956	4,891	-	3,322	1,033
Food Service					
Sales to Pupils - Lunch	64,357	-	-	-	-
Other Food Service	283	-	-	-	-
District/School Activity Income					
Fees	35,270	-	-	-	-
Student Activity Fund Revenues	86,829	-	-	-	-
Textbooks					
Rentals - Regular Textbook	86,148	-	-	-	-
Other	1,955	-	-	-	-
Impact Fees From Municipal or County Governments	-	-	-	-	-
Payments from Other Districts	70,677	-	-	-	-
Other Local Revenues	86,347	7,853	-	183	-
<b>Total Local Sources</b>	<b>\$ 11,387,750</b>	<b>\$ 1,866,045</b>	<b>\$ -</b>	<b>\$ 375,110</b>	<b>\$ 461,046</b>
<b>State Sources</b>					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ 1,182,003	\$ -	\$ -	\$ -	\$ -
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	99,933	-	-	-	-
Orphanage - Individual	33,915	-	-	-	-
Orphanage - Summer	7,339	-	-	-	-
State Free Lunch and Breakfast	5,022	-	-	-	-
Transportation					
Regular/Vocational	-	-	-	12,220	-
Special Education	-	-	-	82,188	-
Other Restricted Revenue from State Sources	1,048	-	-	-	-
<b>Total State Sources</b>	<b>\$ 1,329,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,408</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	\$ 384,185	\$ -	\$ -	\$ -	\$ -
Title I					
Low Income	92,748	-	-	-	-
Title IV					
Student Support & Academic Enrichment	27,386	-	-	-	-
Federal - Special Education					
Preschool - Flow Through	9,190	-	-	-	-
IDEA - Flow Through/Low Incidence	275,970	-	-	-	-
Title II - Teacher Quality	22,524	-	-	-	-
Medicaid Matching Funds - Administrative Outreach	29,176	-	-	-	-
Other Federal Sources	535,019	-	-	-	-
<b>Total Federal Sources</b>	<b>\$ 1,376,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Revenue</b>	<b>\$ 14,093,208</b>	<b>\$ 1,866,045</b>	<b>\$ -</b>	<b>\$ 469,518</b>	<b>\$ 461,046</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, 2022**

	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	\$ -	\$ 46,973	\$ 209,201	\$ 1,233	\$ 13,149,237
Special Education Levy	-	-	-	-	210,220
FICA/Medicare Only Purposes Levy	-	-	-	-	178,997
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	-	-	-	-	351,800
Interest on Investments	4,253	1,500	785	170	23,910
Food Service					
Sales to Pupils - Lunch	-	-	-	-	64,357
Other Food Service	-	-	-	-	283
District/School Activity Income					
Fees	-	-	-	-	35,270
Student Activity Fund Revenues	-	-	-	-	86,829
Textbooks					
Rentals - Regular Textbook	-	-	-	-	86,148
Other	-	-	-	-	1,955
Impact Fees From Municipal or County Governments	7,898	-	-	-	7,898
Payments from Other Districts	-	-	-	-	70,677
Other Local Revenues	-	-	-	-	94,383
<b>Total Local Sources</b>	<b>\$ 12,151</b>	<b>\$ 48,473</b>	<b>\$ 209,986</b>	<b>\$ 1,403</b>	<b>\$ 14,361,964</b>
<b>State Sources</b>					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ -	\$ -	\$ -	\$ -	\$ 1,182,003
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	-	-	-	-	99,933
Orphanage - Individual	-	-	-	-	33,915
Orphanage - Summer	-	-	-	-	7,339
State Free Lunch and Breakfast	-	-	-	-	5,022
Transportation					
Regular/Vocational	-	-	-	-	12,220
Special Education	-	-	-	-	82,188
Other Restricted Revenue from State Sources	-	-	-	-	1,048
<b>Total State Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,423,668</b>
<b>Federal Sources</b>					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
National School Lunch Program	\$ -	\$ -	\$ -	\$ -	\$ 384,185
Title I					
Low Income	-	-	-	-	92,748
Title IV					
Student Support & Academic Enrichment	-	-	-	-	27,386
Federal - Special Education					
Preschool - Flow Through	-	-	-	-	9,190
IDEA - Flow Through/Low Incidence	-	-	-	-	275,970
Title II - Teacher Quality	-	-	-	-	22,524
Medicaid Matching Funds - Administrative Outreach	-	-	-	-	29,176
Other Federal Sources	-	-	-	-	535,019
<b>Total Federal Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,376,198</b>
<b>Total Direct Revenue</b>	<b>\$ 12,151</b>	<b>\$ 48,473</b>	<b>\$ 209,986</b>	<b>\$ 1,403</b>	<b>\$ 17,161,830</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, 2022

EXPENDITURES DISBURSED	BUDGET	ACTUAL
Instruction		
Regular Programs		
Salaries	\$ 5,715,000	\$ 5,880,501
Employee Benefits	1,677,250	1,537,381
Purchased Services	11,000	54,546
Supplies and Materials	103,000	79,303
Capital Outlay	21,000	6,723
	<u>\$ 7,527,250</u>	<u>\$ 7,558,454</u>
Special Education Programs		
Salaries	\$ 1,583,750	\$ 1,617,840
Employee Benefits	45,375	50,470
Purchased Services	33,500	227,562
Supplies and Materials	500	4,354
Capital Outlay	5,000	9,714
	<u>\$ 1,668,125</u>	<u>\$ 1,909,940</u>
Interscholastic Programs		
Salaries	\$ 75,000	\$ 64,904
Employee Benefits	1,500	979
Purchased Services	10,000	7,650
Supplies and Materials	3,300	5,182
Capital Outlay	8,500	-
Other Objects	1,000	3,415
	<u>\$ 99,300</u>	<u>\$ 82,130</u>
Summer School Programs		
Salaries	\$ 50,250	\$ 18,103
Employee Benefits	750	141
	<u>\$ 51,000</u>	<u>\$ 18,244</u>
Gifted Programs		
Salaries	\$ 70,000	\$ 69,628
Employee Benefits	1,250	876
Supplies and Materials	1,500	538
Other Objects	1,000	54
	<u>\$ 73,750</u>	<u>\$ 71,096</u>
Private Tuition - Other Objects		
Special Education Programs K-12	\$ -	\$ 265,472
	<u>\$ -</u>	<u>\$ 265,472</u>
Student Activity Fund		
Other Objects	\$ -	\$ 83,699
	<u>\$ -</u>	<u>\$ 83,699</u>
<b>Total Instruction</b>	<u>\$ 9,419,425</u>	<u>\$ 9,989,035</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 324,000	\$ 334,518
Employee Benefits	5,000	4,218
	<u>\$ 329,000</u>	<u>\$ 338,736</u>
Guidance Services		
Employee Benefits	\$ 1,000	\$ -
Supplies and Materials	1,000	1,713
	<u>\$ 2,000</u>	<u>\$ 1,713</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, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Health Services		
Salaries	\$ 145,000	\$ 142,165
Employee Benefits	2,000	1,285
Supplies and Materials	7,000	6,452
Other Objects	-	35
	\$ 154,000	\$ 149,937
Psychological Services		
Salaries	\$ 75,000	\$ 124,910
Employee Benefits	1,500	1,577
	\$ 76,500	\$ 126,487
Other Support Services - Pupils		
Salaries	\$ 225,000	\$ 221,626
Employee Benefits	10,800	10,443
	\$ 235,800	\$ 232,069
<b>Total Support Services - Pupils</b>	<b>\$ 797,300</b>	<b>\$ 848,942</b>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 244,000	\$ 176,152
Employee Benefits	12,275	4,983
Purchased Services	200,000	339,205
Supplies and Materials	35,000	33,784
	\$ 491,275	\$ 554,124
Educational Media Services		
Salaries	\$ 226,000	\$ 226,398
Employee Benefits	6,300	5,429
Supplies and Materials	12,500	9,519
	\$ 244,800	\$ 241,346
<b>Total Support Services - Instructional Staff</b>	<b>\$ 736,075</b>	<b>\$ 795,470</b>
General Administration		
Board of Education Services		
Purchased Services	\$ 70,000	\$ 71,003
Supplies and Materials	7,500	43,027
Other Objects	30,000	54,321
	\$ 107,500	\$ 168,351
Executive Administration Services		
Salaries	\$ 258,000	\$ 264,940
Employee Benefits	22,000	21,203
Purchased Services	300,000	212,202
Supplies and Materials	1,000	2,198
Capital Outlay	1,000	-
Other Objects	-	8,428
	\$ 582,000	\$ 508,971
Tort Immunity Services		
Purchased Services	\$ -	\$ 848
	\$ -	\$ 848
<b>Total Support Services - General Administration</b>	<b>\$ 689,500</b>	<b>\$ 678,170</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, 2022

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Salaries	\$ 575,000	\$ 592,605
Employee Benefits	60,000	53,942
Purchased Services	11,000	1,866
Supplies and Materials	50,000	42,514
Capital Outlay	25,000	5,046
Other Objects	7,500	2,951
	<u>\$ 728,500</u>	<u>\$ 698,924</u>
Other Support Services - School Administration		
Salaries	\$ 63,500	\$ 75,227
Employee Benefits	12,000	10,898
Purchased Services	5,000	10,781
Supplies and Materials	200	508
	<u>\$ 80,700</u>	<u>\$ 97,414</u>
Total Support Services - School Administration	<u>\$ 809,200</u>	<u>\$ 796,338</u>
Business		
Fiscal Services		
Salaries	\$ 105,000	\$ 100,884
Employee Benefits	9,000	8,189
Purchased Services	1,000	1,931
Supplies and Materials	5,000	5,283
	<u>\$ 120,000</u>	<u>\$ 116,287</u>
Food Services		
Salaries	\$ 120,000	\$ 152,604
Employee Benefits	30,000	33,865
Purchased Services	1,500	626
Supplies and Materials	150,000	177,650
Other Objects	600	659
	<u>\$ 302,100</u>	<u>\$ 365,404</u>
Total Support Services - Business	<u>\$ 422,100</u>	<u>\$ 481,691</u>
Central		
Data Processing Services		
Salaries	\$ 235,000	\$ 220,267
Employee Benefits	15,000	12,377
Purchased Services	150,000	176,363
Supplies and Materials	75,000	145,942
Capital Outlay	95,000	36,333
Other Objects	2,500	-
	<u>\$ 572,500</u>	<u>\$ 591,282</u>
Total Support Services - Central	<u>\$ 572,500</u>	<u>\$ 591,282</u>
Other Support Services		
Purchased Services	\$ -	\$ 6,455
Total Other Support Services	<u>\$ -</u>	<u>\$ 6,455</u>
Total Support Services	<u>\$ 4,026,675</u>	<u>\$ 4,198,348</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, 2022

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Other Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 5,000	\$ 1,788
Other Objects	350,000	-
	<u>\$ 355,000</u>	<u>\$ 1,788</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 355,000</u>	<u>\$ 1,788</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 355,000</u>	<u>\$ 1,788</u>
Total Direct Expenditures	<u><u>\$ 13,801,100</u></u>	<u><u>\$ 14,189,171</u></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  
OPERATIONS AND MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Capital Outlay	\$ 838,000	\$ -
	\$ 838,000	\$ -
Operation and Maintenance of Plant Services		
Salaries	\$ 405,000	\$ 268,601
Employee Benefits	83,500	62,150
Purchased Services	625,000	435,531
Supplies and Materials	675,000	840,835
Capital Outlay	50,000	24,480
	\$ 1,838,500	\$ 1,631,597
Total Support Services - Business	\$ 2,676,500	\$ 1,631,597
Total Support Services	\$ 2,676,500	\$ 1,631,597
Total Direct Expenditures	\$ 2,676,500	\$ 1,631,597

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, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Debt Services		
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 135,000	\$ 72,695
Total Debt Services - Payment of Principal on Long-Term Debt	\$ 135,000	\$ 72,695
Total Debt Services	\$ 135,000	\$ 72,695
Total Direct Expenditures	\$ 135,000	\$ 72,695

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, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Pupil Transportation Services		
Purchased Services	\$ 625,000	\$ 509,287
	\$ 625,000	\$ 509,287
Total Support Services - Business	\$ 625,000	\$ 509,287
Total Support Services	\$ 625,000	\$ 509,287
Total Direct Expenditures	\$ 625,000	\$ 509,287

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, 2022

EXPENDITURES DISBURSED	<u>BUDGET</u>	<u>ACTUAL</u>
Instruction		
Regular Programs		
Employee Benefits	\$ 102,800	\$ 105,843
Special Education Programs		
Employee Benefits	85,225	94,056
Interscholastic Programs		
Employee Benefits	200	1,901
Summer School Programs		
Employee Benefits	1,000	1,437
Gifted Programs		
Employee Benefits	1,000	1,007
Total Instruction	<u>\$ 190,225</u>	<u>\$ 204,244</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 4,750	\$ 4,851
Guidance Services		
Employee Benefits	350	-
Health Services		
Employee Benefits	8,000	7,523
Psychological Services		
Employee Benefits	1,225	1,811
Other Support Services - Pupils		
Employee Benefits	37,300	35,333
Total Support Services - Pupils	<u>\$ 51,625</u>	<u>\$ 49,518</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 14,500	\$ 13,642
Educational Media Services		
Employee Benefits	14,500	14,127
Total Support Services - Instructional Staff	<u>\$ 29,000</u>	<u>\$ 27,769</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 15,750	\$ 15,447
Total Support Services - General Administration	<u>\$ 15,750</u>	<u>\$ 15,447</u>
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 32,750	\$ 32,785
Other Support Services - School Administration		
Employee Benefits	5,650	5,490
Total Support Services - School Administration	<u>\$ 38,400</u>	<u>\$ 38,275</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, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Business		
Fiscal Services		
Employee Benefits	\$ 31,875	\$ 27,865
Facilities Acquisition and Construction Services		
Employee Benefits	43,500	-
Operation and Maintenance of Plant Services		
Employee Benefits	-	41,758
Food Services		
Employee Benefits	18,050	23,837
Total Support Services - Business	\$ 93,425	\$ 93,460
Central		
Data Processing Services		
Employee Benefits	\$ 44,250	\$ 42,061
Total Support Services - Central	\$ 44,250	\$ 42,061
Total Support Services	\$ 272,450	\$ 266,530
Total Direct Expenditures	\$ 462,675	\$ 470,774

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, 2022

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED		
Support Services		
Other Support Services		
Purchased Services	\$ 150,000	\$ -
Capital Outlay	150,000	-
Total Other Support Services	<u>\$ 300,000</u>	<u>\$ -</u>
Total Support Services	<u>\$ 300,000</u>	<u>\$ -</u>
Total Direct Expenditures	<u>\$ 300,000</u>	<u>\$ -</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  
 TORT FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
General Administration		
Risk Management and Claims Services Payments		
Purchased Services	\$ 175,000	\$ 135,446
	\$ 175,000	\$ 135,446
Total Support Services - General Administration	\$ 175,000	\$ 135,446
Total Support Services	\$ 175,000	\$ 135,446
Total Direct Expenditures	\$ 175,000	\$ 135,446

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

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NIPPERSINK SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**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.

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.

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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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 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



## NOTES TO FINANCIAL STATEMENTS (Continued)

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 29, 2021.

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.

No District fund had a cash overdraft at June 30, 2022.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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).

### 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. From time to time, the Board agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

### 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 2021 levy was passed by the Board on November 30, 2021. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

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.

As of June 30, 2022, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (n Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pools	\$ 11,676,840	\$ 11,676,840	\$ -	\$ -	\$ -
Certificates of Deposit	3,017,721	3,017,721	-	-	-
Treasury Securities	2,484,618	2,484,618	-	-	-
	<u>\$ 17,179,179</u>	<u>\$ 17,179,179</u>	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of investments in the State Investment Pools is the same as the value of pool shares. The State Investment Pools are not SEC-registered but do have regulatory oversight through the State of Illinois.

*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. As of June 30, 2022, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor's
Treasury Securities	AAA	Standard and Poor's
Certificates of Deposit	NR	N/A

**NOTE 3 - FAIR VALUE MEASUREMENT**

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; Level 2 inputs are significant other observable assets; Level 3 are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2022:

Investments by fair value level	6/30/2022	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 3,017,721	\$ -	\$ 3,017,721
Treasury Securities	2,484,618	2,484,618	-
Total Investments by fair value level	<u>\$ 5,502,339</u>	<u>\$ 2,484,618</u>	<u>\$ 3,017,721</u>

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.

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Land	\$ 791,988	\$ -	\$ -	\$ 791,988
Building and Building Improvements	13,115,510	-	-	13,115,510
Site Improvements and Infrastructure	1,696,192	-	-	1,696,192
Capitalized Equipment	5,283,655	315,160	-	5,598,815
Construction in Progress	-	5,046	-	5,046
	<u>\$ 20,887,345</u>	<u>\$ 320,206</u>	<u>\$ -</u>	<u>\$ 21,207,551</u>

**NOTE 5 - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities are summarized as follows:

	Balance			Balance	Amounts
	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Copiers - GASB 87 Lease	\$ 237,910	\$ -	\$ 72,695	\$ 165,215	\$ 79,304
	<u>\$ 237,910</u>	<u>\$ -</u>	<u>\$ 72,695</u>	<u>\$ 165,215</u>	<u>\$ 79,304</u>

Long-term liabilities consisted of the following at June 30, 2022:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>				
Copiers	7/1/2024	-	\$ 396,517	\$ 165,215

At June 30, 2022, the annual requirements to service long-term liabilities are:

Year Ending June 30	Principal	Interest	Total
2023	\$ 79,304	\$ -	\$ 79,304
2024	79,304	-	79,304
2025	6,607	-	6,607
	<u>\$ 165,215</u>	<u>\$ -</u>	<u>\$ 165,215</u>

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

**NOTE 6 - 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, \$360,433, 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, \$102,039 of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future student activity fund disbursements.

NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 7 - INTERFUND TRANSFERS**

The following interfund transfers were made during the year ended June 30, 2022:

Transfer from	Transfer To	Amount
Educational Fund	Debt Services Fund	\$ 72,695

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

**NOTE 8 - DEFICIT FUND BALANCE**

No District fund had a deficit fund balance at June 30, 2022.

**NOTE 9 - PROPERTY TAXES**

Taxes recorded in these financial statements are from the 2021 (\$7,124,223) and 2020 (\$6,414,231) tax levies.

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

TAX YEAR ASSESSED VALUATION	2021 \$414,022,065		2020 \$394,728,772		2019 \$383,659,467	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Educational	2.5804	\$ 10,683,388	2.5632	\$ 10,117,574	2.5663	\$ 9,845,841
Tort Immunity	0.0517	214,157	0.0510	201,363	0.0497	190,740
Special Education	0.0522	216,103	0.0510	201,363	0.0497	190,740
Operations and Maintenance	0.4585	1,898,192	0.4516	1,782,769	0.4550	1,745,582
Transportation	0.0917	379,638	0.0908	358,520	0.0869	333,427
Fire Prevention/Safety	0.0003	1,267	0.0003	1,184	0.0003	1,078
Working Cash	0.0129	53,541	0.0100	39,291	0.0077	29,423
Municipal Retirement	0.0165	68,144	0.0753	297,128	0.0727	279,001
Social Security	0.0165	68,144	0.0753	297,128	0.0727	279,001
Revenue Recapture	0.0077	32,074	0.0000	-	0.0000	-
	<u>3.2884</u>	<u>\$ 13,614,648</u>	<u>3.3685</u>	<u>\$ 13,296,320</u>	<u>3.3610</u>	<u>\$ 12,894,833</u>

**NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended June 30, 2022, the following District funds had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Educational Fund	\$ 13,801,100	\$ 14,189,171	\$ 388,071
Illinois Municipal Retirement/Social Security Fund	462,675	470,774	8,099

**NOTE 11 - 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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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/cafrs/fy2021>; 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, 2024. 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 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, 2021 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2022, 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 \$4,252,740 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, 2022 were \$51,259.

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, 2022, the District pension contribution was 10.31% of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$178,408 were paid from federal and special trust funds that required District contributions of \$18,394.

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, 2022, the District paid \$13,283 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 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).

## NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2021, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving ben	49
Inactive plan members entitled to but not yet receiving benefits	127
Active plan members	74
Total	<u>250</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 2021 and 2022 were 8.14% and 7.04%, respectively. For the fiscal year ended June 30, 2022, the District contributed \$167,851 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 12 - 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.
  - 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Contributions

For the fiscal year ended June 30, 2022, 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 .90% of salary and for every employer of a teacher to contribute an amount equal to .67% of each teacher's salary. For the fiscal year ended June 30, 2021, the employee contribution was 1.24% of salary and the employer contribution was 0.92% 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, 2022 were \$59,213.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2022, 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 \$105,591 in benefit contributions from the State of Illinois.

### B. *Retiree Insurance Plan*

#### Plan Overview

In addition to the retirement plans described in Note 11, 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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### *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 \$7,823.

## **NOTE 13 - 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, 2021 (most recent information available) is as follows:

Assets	\$ 9,766,600
Fund Equity	<u>9,766,600</u>
	<u>\$ 9,766,600</u>
Revenues Received	\$ 1,739,547
Expenditures Disbursed	<u>2,011,815</u>
Net Increase/(Decrease) in Fund Balance	<u>\$ (272,268)</u>

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

## **NOTE 14 - 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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2022, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**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:

2021 EAV	\$ 414,022,065
Rate	<u>6.90%</u>
Debt Margin	\$ 28,567,522
Current Debt	-
Remaining Debt Margin	<u>\$ 28,567,522</u>

**NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE**

The District has implemented GASB Statement No. 87, *Leases*. This statement establishes financial reporting standards related to leases. 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, 2022**

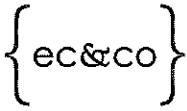
<b>OPERATING EXPENSE PER PUPIL</b>	
<b>EXPENDITURES:</b>	
Education	\$ 14,105,472
Operations & Maintenance	1,631,597
Debt Service	72,695
Transportation	509,287
Illinois Municipal Retirement/Social Security Fund	470,774
Tort	135,446
<b>Total Expenditures</b>	<b>\$ 16,925,271</b>
<b>LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:</b>	
Summer School Programs	\$ 18,244
Special Education Programs K-12 - Private Tuition	265,472
Total Payments to Other Govt Units	1,788
Capital Outlay	57,816
Capital Outlay	24,480
Debt Service - Payments of Principal on Long-Term Debt	72,695
Summer School Programs	1,437
<b>Total Deductions for OEOO Computation</b>	<b>\$ 441,932</b>
<b>Total Operating Expenses Regular K-12</b>	<b>16,483,339</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2021-2022</b>	<b>997.66</b>
<b>Estimated OEPP</b>	<b>\$ 16,522.00</b>

<b>PER CAPITA TUITION CHARGE</b>	
<b>LESS OFFSETTING RECEIPTS/REVENUES:</b>	
Total Food Service	\$ 64,640
Total District/School Activity Income	35,270
Rentals - Regular Textbooks	86,148
Other	1,955
Payment from Other Districts	70,677
Total Special Education	141,187
State Free Lunch & Breakfast	5,022
Total Transportation	94,408
Other Restricted Revenue from State Sources	1,048
Total Food Service	384,185
Total Title I	92,748
Total Title IV	27,386
Fed - Spec Education - IDEA - Flow Through	275,970
Title II - Teacher Quality	22,524
Medicaid Matching Funds - Administrative Outreach	29,176
Other Restricted Revenue from Federal Sources	535,019
Adjusting for FY20 or FY21 revenue received in FY22 for FY20 or FY21 Expenses	(57,407)
Special Education Contributions from EBF Funds	471,594
English Learning (Bilingual) Contributions from EBF Funds	322
<b>Total Deductions for PCTC Computation</b>	<b>\$ 2,281,872</b>
<b>Net Operating Expense for Tuition Computation</b>	<b>14,201,467</b>
<b>Total Depreciation Allowance (from page 32, Line 18, Col I)</b>	<b>504,801</b>
<b>Total Allowance for PCTC Computation</b>	<b>14,706,268</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2021-2022</b>	<b>997.66</b>
<b>Total Estimated PCTC</b>	<b>\$ 14,740.76</b>

Unaudited







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, 2022. 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, 2022.

***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.

eder, casella & co

## ***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 the District'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 the District'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 the District'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 2022-001, 2022-002, and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 6, 2022

NIPPERSINK SCHOOL DISTRICT NO. 2  
44-063-0020-03

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ending June 30, 2022

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>1</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>1</sup>			Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/20-6/30/21 (C)	Year 7/1/21-6/30/22 (D)	Year 7/1/20-6/30/21 (E)	Year 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 Pass through to Subrecipients		
Title I - Low Income (M)	84.010	21-4300-00	135,832	5,628	141,460			141,460	142,904
Title I - Low Income (M)	84.010	22-4300-00		87,120			105,171	105,171	105,171
Subtotal CFDA 84.010			135,832	92,748	141,460	0	105,171	246,631	
Title IVA - Student Support & Academic Enrich	84.424	21-4400-00	0	17,386	17,386			17,386	17,386
Title IVA - Student Support & Academic Enrich	84.424	22-4400-00		10,000			10,000	10,000	10,000
Subtotal CFDA 84.424			0	27,386	17,386	0	10,000	27,386	
Title II - Teacher Quality	84.367	22-4932-00		22,524			22,524	22,524	22,814
Subtotal CFDA 84.367			0	22,524	0	0	22,524	22,524	
COVID-19 Elementary and Secondary Emergency Relief Fund (M)	84.425D	21-4998-E2		295,813	50,407		257,187	362,344	382,466
COVID-19 Elementary and Secondary School Relief Grant - Digital Professional Learning (M)	84.425D	21-4998-PL		7,000	7,000			7,000	7,000
COVID-19 ARP - LEA and COOP American Rescue Plan (M)	84.425U	22-4998-E3		232,206			232,206	232,206	887,374
Subtotal CFDA 84.425			0	535,019	57,407	0	489,393	621,550	
Subtotal CFDA "84"			296,793	962,837	444,448	0	859,121	1,372,908	
MEDICAID CLUSTER									
US Department of Health and Family Services Passed Through Illinois Department of Health and Family Services:									
Medicaid Administrative Outreach	93.778	21-4991-00	40,216	10,196	50,412		28,385	50,412	N/A
Medicaid Administrative Outreach	93.778	22-4991-00		20,196			28,385	28,385	N/A
Subtotal CFDA 93.778			40,216	30,392	50,412	0	28,385	78,797	
Total Medicaid Cluster			40,216	30,392	50,412	0	28,385	78,797	
Subtotal CFDA "93"			40,216	30,392	50,412	0	28,385	78,797	

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2022**

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 7/1/20-6/30/21 (C)	Year 7/1/21-6/30/22 (D)	Year 7/1/20-6/30/21 (E)	Year 7/1/21-6/30/22 (F)	Year 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 Pass through to Subrecipients				
Total Federal Assistance		337,009	1,408,210	494,860	0	1,296,487	0	75,339	1,866,686		
* Project end 9/30									0	0	
									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, 2022

**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, 2022 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, 2022.

**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, 2022

- 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) No material weaknesses and no significant deficiencies in internal control are reported in the audit of the financial statements.
  - 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) No significant deficiencies in internal control over major federal award programs are reported during the audit of the financial statements. 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: COVID- 19 Elementary and Secondary School Emergency Relief Fund (CFDA #84.425D & 84.425U), and Title I – Low Income (CFDA #84.010).
  - 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) There were no findings relating to the financial statements which are required to be reported.
- 3) Findings relating to federal awards which are required to be reported are detailed in finding numbers 2022-001, 2022-002, and 2022-003.

**NIPPERSINK SCHOOL DISTRICT NO. 2**  
**44-063-0020-03**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2022**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**1. FINDING NUMBER:<sup>11</sup>**                      **2022 - None**                      **2. THIS FINDING IS:**                       **New**                       **Repeat from Prior Year?**  
**Year originally reported?**

**3. Criteria or specific requirement**

**4. Condition**

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

**6. Effect**

**7. Cause**

**8. Recommendation**

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

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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, 2022**

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

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

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, 2022**

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

1. FINDING NUMBER:<sup>14</sup> 2022 - 002 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-PL, 4998-E3 5. CFDA No.: 84.425D & 84.425U

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>  
With this being 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, 2022**

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

1. FINDING NUMBER:<sup>14</sup> 2022 - 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-PL, 4998-E3 5. CFDA No.: 84.425D & 84.425U

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 and keeping inventory tracking documentation.

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

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

11. Context<sup>17</sup>  
With this being a new grant the District was not aware of the requirement to have a written asset tracking policy and inventory tracking documentation.

12. Effect  
District does not have an asset tracking policy and inventory tracking documentation 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 2

4213 US Highway 12  
Richmond, IL 60071

\*\*\*\*\*

Telephone: 815-678-4242  
FAX: 815-675-0413  
www.nippersinkdistrict2.org

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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, 2022

### Corrective Action Plan

Finding No.: 2022-002

#### 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: 6/30/2023

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

Management Response: N/A

# NIPPERSINK SCHOOL DISTRICT 2

4213 US Highway 12

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\*\*\*\*\*

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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, 2022

### Corrective Action Plan

Finding No.: 2022-003

#### Condition:

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

#### Plan:

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

Anticipated Date of Completion: 6/30/2023

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

Management Response: N/A

