

Pecatonica Community Unit School District No. 321

Annual Federal Financial Compliance Report

Year Ended June 30, 2022



Pecatonica Community Unit School District No. 321

Year Ended June 30, 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
Pecatonica Community Unit School District No. 321
Pecatonica, Illinois

We have audited, in accordance with 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 as listed the table of contents of Pecatonica Community Unit School District No. 321 (the "District"), and have issued our report thereon dated November 4, 2022. Our report contains an adverse opinion on the financial statements because the financial statements are presented on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the Illinois State Board of Education. Our report also contains a qualified opinion on the regulatory basis of accounting as we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the District's capital assets and related investment in general fixed assets on the regulatory basis as of June 30, 2022 because management has not maintained detailed records to support the historical costs.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Pecatonica Community Unit School District No. 321'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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pecatonica Community Unit School District No. 321's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pecatonica Community Unit School District No. 321'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 reasonable possibility that a material misstatement of the Pecatonica Community Unit School District No. 321's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pecatonica Community Unit School District No. 321'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of schedule of findings and questioned costs as item 2022-002.

Pecatonica Community Unit School District No. 321's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pecatonica Community Unit School District No. 321's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Rockford, Illinois
November 4, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education
Pecatonica Community Unit School District No. 321
Pecatonica, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pecatonica Community Unit School District No. 321'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 its major federal programs for the year ended June 30, 2022. Pecatonica Community Unit School District No. 321'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, Pecatonica Community Unit School District No. 321 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program 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 (*Government Auditing Standards*); 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 Pecatonica Community Unit School District No. 321 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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321's federal programs.

Auditor's Responsibility 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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321'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 Pecatonica Community Unit School District No. 321'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.

Report on Internal Control Over Compliance

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of

a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of Pecatonica Community Unit School District No. 321 for the year ended June 30, 2022, and issued our report thereon dated November 4, 2022 which contained a qualified opinion and adverse opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wipfli LLP

Rockford, Illinois
November 4, 2022

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2022

DISTRICT/JOINT AGREEMENT NAME Pecatonica Community Unit School Distri	RCDT NUMBER 41-01-321-026	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 65.031562	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) Carl Carlson		NAME AND ADDRESS OF AUDIT FIRM Wipfli LLP 403 East 3rd Street Sterling, IL 61081	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 1300 Main Street Pecatonica, IL 61063		E-MAIL ADDRESS: mschueler@wipfli.com	
		NAME OF AUDIT SUPERVISOR Matthew Schueler	
		CPA FIRM TELEPHONE NUMBER 815-626-1277	FAX NUMBER 815-399-7644

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:

- ☒ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to the GATA Portal (either with the audit or under separate cover).
- ☒ Financial Statements including footnotes (Title 2 CFR §200.510 (a))
- ☒ Schedule of Expenditures of Federal Awards including footnotes (Title 2 CFR §200.510 (b))
- ☒ Independent Auditor's Report on the Financial Statements (Title 2 CFR §200.515 (a))
- ☒ Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Title 2 CFR §200.515 (b))
- ☒ Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance (Title 2 CFR §200.515 (c))
- ☒ Schedule of Findings and Questioned Costs (Title 2 CFR §200.515 (d))
- ☒ Summary Schedule of Prior Audit Findings (Title 2 CFR §200.511 (b))
- ☒ Corrective Action Plan(s) (Title 2 CFR §200.511 (c))

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ A Copy of the Federal Data Collection Form (Title 2 CFR §200.512 (b))
- ☐ A Copy of each Management Letter
- ☐ A copy of the Consolidated Year-end Financial Report (CYEFR) and In-relation to opinion

SINGLE AUDIT INFORMATION CHECKLIST

The following checklist is **OPTIONAL**; it is not a required form for completion of Single Audit information. The purpose of the checklist is to assist in determining if appropriate information has been correctly completed within the Annual Financial Report (AFR). This is not a complete listing of all Single Audit requirements, but highlights some of the more common errors found during ISBE reviews.

GENERAL INFORMATION

- ☒ 1. **Signed** and **dated** copies of audit opinion letters have been included with audit package submitted to ISBE.
- ☒ 2. All opinion letters use the **most current audit language and formatting** as mandated in SAS 115/SAS 117 and other pronouncements.
- ☒ 3. **ALL** Single Audit forms within the AFR Excel workbook have been completed, where appropriate.
- For those forms that are not applicable, "N/A" or similar language has been indicated.
- ☒ 4. **ALL** Federal revenues reported in FRIS Report 0053 (Summary of Payments) are accounted for in the Schedule of Expenditures of Federal Awards (SEFA).
- ☒ 5. Federal revenues reported on the AFR reconcile to Federal revenues reported on the SEFA.
- Verify or reconcile on reconciliation worksheet.
- ☒ 6. Complete audit package (Data Collection Form, audit reports, etc.) has been submitted electronically to the Federal Audit Clearinghouse
<https://harvester.census.gov/facweb/Default.aspx>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- ☒ 8. All prior year's projects are included and reconciled to final FRIS report amounts.
- Including receipt/revenue and expenditure/disbursement amounts.
- ☒ 9. All current year's projects are included and reconciled to most recent FRIS report filed.
- Including receipt/revenue and expenditure/disbursement amounts.
- ☒ 10. Differences in reported spending amounts on the SEFA and the final FRIS reports should be detailed and/or documented in a finding,
- discrepancies should be reported as Questioned Costs.
- ☒ 11. The total amount provided to subrecipients from each Federal program is included.
- ☒ 12. Prior-year and Current-year Child Nutrition Programs (CNP) are included on the SEFA (with prior-year program showing total cash received):
Project year runs from October 1 to September 30, so projects will cross fiscal years;
This means that audited year revenues will include funds from both the prior year and current year projects.
- ☒ 13. Each CNP project should be reported on a separate line (one line per project year per program).
- ☒ 14. Total CNP Revenue amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☒ 15. Total CNP Expenditure amounts are consistent with grant amounts awarded by ISBE for each program by project year.
- ☒ 16. Exceptions should result in a finding with Questioned Costs.
- ☒ 17. The total value of non-cash **COMMODITIES** has been reported on the SEFA (ALN 10.555).
- The value is determined from the following, **with each item on a separate line**:
 - ☒ * **Non-Cash Commodities**: Monthly Commodities Bulletin for April (From the Illinois Commodities System accessed through ISBE web site)
Total commodities = A PAL Allocated + B PAL Allocated + Processing Deductions + Total Bonus Allocated
[Verify Non-Cash Commodities amount on ISBE web site: https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx](https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx)
 - ☒ * **Non-Cash Commodities**: Commodities information for non-cash items received through **Other Food Services**
Districts should track separately through year; no specific report available from ISBE
Verify Non-Cash Commodities amount through Other Food Services on ISBE web site:
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
 - ☒ * **Department of Defense Fresh Fruits and Vegetables** (District should track through year)
- **The two commodity programs should be reported on separate lines on the SEFA.**
Verify Non-Cash Commodities amount through DoD Fresh Fruits and Vegetables on ISBE web site:
<https://www.isbe.net/Pages/School-Nutrition-Programs-Food-Distribution.aspx>
 - ☒ * Amounts verified for **Fresh Fruits and Vegetables** cash grant program (ISBE code 4240)
ALN number: 10.582
- ☒ 18. **TOTALS** have been calculated for Federal revenue and expenditure amounts (Column totals).
- ☒ 19. Obligations and Encumbrances are included where appropriate.
- ☒ 20. **FINAL STATUS** amounts are calculated, where appropriate.
- ☒ 21. Medicaid Fee-for-Service funds, E-Rate reimbursements and Build America Bond interest subsidies have **not** been included on the SEFA.
- ☒ 22. **All** programs tested (not just Type A programs) are indicated by either an * or (M) on the SEFA.
- ☒ 23. **NOTES TO THE SEFA** within the AFR Excel workbook (SEFA NOTES) have been completed.
Including, but not limited to:
 - ☒ 24. Basis of Accounting
 - ☒ 25. Name of Entity
 - ☒ 26. Type of Financial Statements
 - ☒ 27. Subrecipient information (**Mark "N/A" if not applicable**)
 - ☐ **N/A** * ARRA funds are listed separately from "regular" Federal awards

SINGLE AUDIT INFORMATION CHECKLIST

SUMMARY OF AUDITOR'S RESULTS/FINDINGS/CORRECTIVE ACTION PLAN

- ☒ 28. Audit opinions expressed in opinion letters **match** opinions reported in Summary.
- ☒ 29. All Summary of Auditor Results questions have been answered.
- ☒ 30. All tested programs **and** amounts are listed.
- ☒ 31. Correct testing threshold has been entered. (Title 2 CFR §200.518)

Findings have been filled out completely and correctly (if none, mark "N/A").

- ☒ 32. Financial Statement and/or Federal Award Findings information has been completely filled out for each finding, with finding numbers in correct format.
- ☒ 33. Finding completed for each **Significant Deficiency** and for each **Material Weakness** noted in opinion letters.
- ☒ 34. Separate finding for each Federal program (i.e., don't report same finding for multiple programs on one sheet).
- ☒ 35. Separate finding sheet for each finding on programs (e.g., excess interest earned and unallowable expenditures are two findings and should be reported separately, even if both are on same program).
- ☐ 36. Questioned Costs have been calculated where there are questioned costs.
- ☐ 37. Questioned Costs are separated by project year and by program (and sub-project, if necessary).
- ☐ 38. Questioned Costs have been calculated for Interest Earned on **Excess Cash on Hand**.
 - Should be based on actual amount of interest earned
 - Questioned Cost amounts are broken out between programs if multiple programs are listed on the finding
- ☒ 39. **A CORRECTIVE ACTION PLAN, on the LEA's letterhead** has been completed for each finding.
 - Including Finding number, action plan details, projected date of completion, name and title of contact person

Pecatonica Community Unit School District No. 321
41-01-321-026

RECONCILIATION OF FEDERAL REVENUES
Year Ending June 30, 2022
Annual Financial Report to Schedule of Expenditures of Federal Awards

TOTAL FEDERAL REVENUE IN AFR

Account Summary 7-9, Line 7	Account 4000	\$ 1,040,692
Flow-through Federal Revenues		
Revenues 10-15, Line 115	Account 2200	-
Value of Commodities		
ICR Computation 37, Line 11		19,181
Less: Medicaid Fee-for-Service Program		
Revenues 10-15, Line 266	Account 4992	(24,682)
AFR TOTAL FEDERAL REVENUES:		\$ 1,035,191

ADJUSTMENTS TO AFR FEDERAL REVENUE AMOUNTS:

Reason for Adjustment:

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ADJUSTED AFR FEDERAL REVENUES	\$ 1,035,191
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Total Current Year Federal Revenues Reported on SEFA:		
Federal Revenues	Column D	\$ 1,035,979

Adjustments to SEFA Federal Revenues:

Reason for Adjustment:

Administration Assessment for FY21 Medical Assistance Program	\$ (244)
Administration Assessment for FY22 Medical Assistance Program	\$ (544)

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ADJUSTED SEFA FEDERAL REVENUE:	\$ 1,035,191
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DIFFERENCE:	\$ -
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Pecatonica Community Unit School District No. #321
41-01-321-026
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2022

Project Name	Assistance Listing Number	Identifying Number	Revenue (7/1/20-6/30/21)	Revenue (7/1/21-6/30/22)	Expenditures (7/1/20-6/30/21)	Pass through to Subrecipients (7/1/20-6/30/21)	Expenditures (7/1/21-6/30/22)	Pass through to Subrecipients (7/1/21-6/30/22)	Obligations	Final Status	Budget
US Dept of Agriculture											
Pass-thru: IL State Board of Education											
Child Nutrition Cluster											
National School Lunch Program (m)	10.555	20-4210-00	9,954	0	9,954	0	0	0	0	9,954	n/a
National School Lunch Program (m)	10.555	21-4210-00	8,178	53,364	8,178	0	53,364	0	0	61,542	n/a
National School Lunch Program (m)	10.555	21-4210-SN	0	14,381	0	0	14,381	0	0	14,381	n/a
National School Lunch Program (m)	10.555	22-4210-00	0	321,947	0	0	321,947	0	0	321,947	n/a
Summer Food Service Program (m)	10.559	20-4225-00	0	0	0	0	0	0	0	0	n/a
Summer Food Service Program (m)	10.559	21-4225-00	185,899	751	185,899	0	751	0	0	186,650	n/a
Summer Food Service Program (m)	10.559	22-4225-00	0	0	0	0	0	0	0	0	n/a
Food Commodities (non-cash) (m)	10.555	04101321026A2021	9,873	0	9,873	0	0	0	0	9,873	n/a
Dept of Defense Fresh Fruit & Vegetables (non-cash) (m)	10.555	04101321026A2021	0	0	0	0	0	0	0	0	n/a
Food Commodities (non-cash) (m)	10.555	04101321026A2022	0	19,181	0	0	19,181	0	0	19,181	n/a
Dept of Defense Fresh Fruit & Vegetables (non-cash) (m)	10.555	04101321026A2022	0	0	0	0	0	0	0	0	n/a
TOTAL Child Nutrition Cluster			213,904	409,624	213,904	0	409,624	0	0	623,528	
State Administrative Expenses for Child Nutrition	10.560	2022-4210-SC	0	20,500	0	0	20,500	0	0	20,500	n/a
Pandemic EBT Administrative Funds	10.649	2021-4210-BT	0	614	0	0	614	0	0	614	n/a
TOTAL US Dept of Agriculture			213,904	430,738	213,904	0	430,738	0	0	644,642	
US Dept of Education											
Pass-thru: IL State Board of Education											
Title I, Part A											
Title I - Low Income	84.010A	20-4300-00	49,080	0	29,421	0	0	0	0	29,421	98,236
Title I - Low Income	84.010A	21-4300-00	57,266	57,171	100,096	0	14,341	0	0	114,437	133,173
Title I - Low Income	84.010A	22-4300-00	0	76,247	0	0	81,854	0	14,304	96,158	102,549
			106,346	133,418	129,517	0	96,195	0	14,304	240,016	
Special Education Cluster											
Special Education - IDEA - Flow Through	84.027A	2020-4620-00	27,576	0	0	0	0	0	0	0	173,293
Special Education - IDEA - Flow Through	84.027A	2021-4620-00	101,663	34,586	136,249	0	0	0	0	136,249	267,955
Special Education - IDEA - Flow Through	84.027A	2022-4620-00	0	80,601	0	0	172,447	0	0	172,447	177,929
ARP Special Education - IDEA - Flow Through	84.027X	22-4998-ID	0	0	0	0	0	0	41,295	41,295	41,295
Special Education - Pre-School Flow Through	84.173A	2020-4600-00	2,241	0	0	0	0	0	0	0	10,432
Special Education - Pre-School Flow Through	84.173A	2021-4600-00	2,736	2,294	5,030	0	0	0	0	5,030	13,611
Special Education - Pre-School Flow Through	84.173A	2022-4600-00	0	5,324	0	0	9,989	0	0	9,989	9,989
ARP Special Education - Preschool Flow Through	84.173X	22-4998-PS	0	0	0	0	0	0	0	0	4,132
			134,216	122,805	141,279	0	182,436	0	41,295	365,010	

Pecatonica Community Unit School District No. #321
41-01-321-026
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2022

Project Name	Assistance Listing Number	Identifying Number	Revenue (7/1/20-6/30/21)	Revenue (7/1/21-6/30/22)	Expenditures (7/1/20-6/30/21)	Pass through to Subrecipients (7/1/20-6/30/21)	Expenditures (7/1/21-6/30/22)	Pass through to Subrecipients (7/1/21-6/30/22)	Obligations	Final Status	Budget
Student Support & Academic Enrichment											
Pass-thru: Delabar CTE											
Carl Perkins	84.048	21-4745-00	395	0	395	0	0	0	0	395	n/a
Carl Perkins	84.048	22-4745-00	0	395	0	0	395	0	0	395	n/a
			395	395	395	0	395	0	0	790	
Title IVA - Student Support and Academic Enrichment	84.424A	20-4400-00	0	0	0	0	0	0	0	-	10,000
Title IVA - Student Support and Academic Enrichment	84.424A	21-4400-00	0	0	0	0	0	0	0	-	20,000
Title IVA - Student Support and Academic Enrichment	84.424A	22-4400-00	0	16,000	0	0	16,000	0	0	16,000	20,000
			0	16,000	0	0	16,000	0	0	16,000	50,000
Title II - Improving Teacher Quality	84.367A	20-4932-00	3,497	0	0	0	0	0	0	0	20,169
Title II - Improving Teacher Quality	84.367A	21-4932-00	15,498	6,197	21,695	0	0	0	0	21,695	21,695
Title II - Improving Teacher Quality	84.367A	22-4932-00		14,778	0	0	19,303	0	0	19,303	19,303
			18,995	20,975	21,695	0	19,303	0	0	40,998	
Education Stabilization											
COVID-19 - Education Stabilization Fund (m)	84.425D	20-4998-E2	79,944	0	79,944	0	0	0	0	79,944	79,944
COVID-19 - Education Stabilization Fund (m)	84.425D	21-4998-E2	0	229,002	0	0	242,464	0	0	242,464	325,932
COVID-19 - Education Stabilization Fund (m)	84.425D	21-4998-DE	79,751	0	79,751	0	0	0	0	79,751	79,751
COVID-19 - Education Stabilization Fund (m)	84.425D	22-4998-D2	0	62,948	0	0	63,861	0	0	63,861	63,861
			159,695	291,950	159,695	0	306,325	0	0	466,020	
TOTAL US Dept of Education			419,647	585,543	452,581	0	620,654	0	55,599	1,128,834	
US Dept of Health and Human Services											
Pass-thru: IL Dept of Healthcare and Family Services											
Medical Assistance Program Cluster											
Medicaid Outreach	93.778	FY2020	9,267	-		0	0	0	0	0	n/a
Medicaid Outreach	93.778	FY2021	22,650	6,096	28,746	0	0	0	0	28,746	n/a
Medicaid Outreach	93.778	FY2022	-	13,602	0	0	18,732	0	0	18,732	n/a
TOTAL US Dept of Health and Human Services			31,917	19,698	28,746	0	18,732	0	0	47,478	
TOTALS			665,468	1,035,979	695,231	0	1,070,124	0	55,599	1,820,954	

(m) audited as major

Pecatonica Community Unit School District No. 321

41-01-321-026

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2022

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **Pecatonica Community Unit School District No. 321** and is presented on the **cash basis method of accounting**. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

Note 2: Indirect Facilities & Administration costs⁶

Auditee elected to use 10% de minimis cost rate?

N/A

YES

NO

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, **Pecatonica CUSD 321** provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal ALN Number	Amount Provided to Subrecipient
N/A		

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by **Pecatonica Community Unit School District No. 321** and should be included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (ALN 10.555)**:

\$19,181

OTHER NON-CASH ASSISTANCE - DEPT. OF DEFENSE FRUITS & VEGETABLES

\$0

Total Non-Cash

\$19,181**Note 5: Other Information**

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property

N/A

Auto

N/A

General Liability

N/A

Workers Compensation

N/A

Loans/Loan Guarantees Outstanding at June 30:

N/A

District had Federal grants requiring matching expenditures

N/A

(Yes/No)

** The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

⁵ This note is included to meet the Uniform Guidance requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule. (§200.510 (b)(6))

⁶ The Uniform Guidance requires the Schedule of Expenditures of Federal Awards to note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs. §200.510 (b)(6)

Pecatonica Community Unit School District No. 321

41-01-321-026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ending June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified and Adverse
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? X YES None Reported
- Noncompliance material to the financial statements noted? X YES NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? X YES None Reported

Type of auditor's report issued on compliance for major programs: Unmodified
(Unmodified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

ALN NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰	AMOUNT OF FEDERAL PROGRAM
10.555, 10.559	Child Nutrition Cluster	409,624
84.425D	Education Stabilization Fund	306,325
Total Amount Tested as Major		\$715,949

Total Federal Expenditures for 7/1/21-6/30/22

\$1,070,124

% tested as Major

66.90%

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? YES X NO

⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.
Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the ALN number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

Pecatonica Community Unit School District No. 321
41-01-321-026
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ **2022 - 001** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2013

3. Criteria or specific requirement

The District lacks proper segregation of duties.

4. Condition

District has limited number of personnel to permit adequate segregation of duties.

5. Context¹²

District has limited number of personnel to permit adequate segregation of duties.

6. Effect

Inadequate segregation of duties.

7. Cause

District has limited number of personnel to permit adequate segregation of duties.

8. Recommendation

The District will continue to have a finding for segregation of duties due to the small size of the organization.

9. Management's response¹³

Agree with the auditor recommendation. The District is not able to hire the appropriate amount of personnel to eliminate the finding for segregation of duties.

¹¹ 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.).

¹² 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.

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

Pecatonica Community Unit School District No. 321
41-01-321-026
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ **2022 - 002** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2021

3. Criteria or specific requirement

The District had excess of expenses over budget in several funds.

4. Condition

The District overspent the District's legally adopted budget.

5. Context¹²

The District had excess of expenses over budget in several funds.

6. Effect

The District is not in compliance with 105 ILCS 5 School Code.

7. Cause

The District overspent the District's legally adopted budget.

8. Recommendation

The District should amend its budget in the future when budget overages are expected.

9. Management's response¹³

The District will consider amending its budget in the future.

¹¹ 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.).

¹² 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.

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

Pecatonica Community Unit School District No. 321

41-01-321-026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ending June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2022 - 003** 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: Education Stabilization Fund, 2022

4. Project No.: **21-4998-E2** 5. ALN No.: **84.425D**

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

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

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

The auditee should have a contract that declares prevailing wage will be paid to contractors and subcontractors.

9. Condition¹⁵

During major program testing, it was noted that the District did not have a contract with prevailing wage verbiage for a boiler replacement project.

10. Questioned Costs¹⁶

None

11. Context¹⁷

During major program testing, it was noted that the District did not have a contract with prevailing wage verbiage for a boiler replacement project.

12. Effect

Improper wages could be paid with federal grant money.

13. Cause

The District did not have a contract with prevailing wage verbiage for a boiler replacement project.

14. Recommendation

We recommend the District ensure that all construction contracts over \$2,000 that are paid for with federal grant money include a declaration that prevailing wage will be paid.

15. Management's response¹⁸

We agree with the finding and have developed a corrective action plan.

¹⁴ See footnote 11.

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

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

¹⁷ See footnote 12.

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

Pecatonica Community Unit School District No. 321
41-01-321-026
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2022

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2021-001	The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with the ISBE regulatory basis of accounting.	Resolved
2021-002	District has limited number of personnel to permit adequate segregation of duties.	Ongoing
2021-003	District overspent the District's legally adopted budget.	Ongoing

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

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

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



PECATONICA COMMUNITY UNIT SCHOOL DISTRICT 321
1300 Main Street, P.O. Box 419
Pecatonica, Illinois 61063-0419

Carl B. Carlson
Superintendent
815-239-1639
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Todd France
High School
815-239-2611
FAX 815-239-9128

Timothy King
Middle School
815-239-2612
FAX 815-239-1274

Carrie Brockway
Elementary School
815-239-2550
FAX 815-239-1418

Corrective Action Plan

Finding Number: 2022-001

Finding Synopsis:

District has limited number of personnel to permit adequate segregation of duties.

Action Steps:

With the District's limited personnel, District officials find it cost prohibitive to implement the necessary segregation of duties.

Contact Person(s): Carl Carlson, Superintendent (815) 236-2125

Anticipated Completion Date: There is no anticipated completion date.



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Corrective Action Plan

Finding Number: 2022-002

Finding Synopsis:

The District overspent the District's legally adopted budget.

Action Steps:

The District will consider amending its budget in the future.

Contact Person(s): Carl Carlson, Superintendent (815) 236-2125

Anticipated Completion Date: 30-Jun-23



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Corrective Action Plan

Finding Number: 2022-003

Finding Synopsis:

During major program testing, it was noted that the District did not have a contract with prevailing wage verbiage for a boiler replacement project.

Action Steps:

The District will ensure that all construction contracts over \$2,000 that are paid for with federal grant money include a declaration that prevailing wage will be paid.

Contact Person(s): Carl Carlson, Superintendent (815) 236-2125

Anticipated Completion Date: 30-Jun-23