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***HAWTHORN SCHOOL DISTRICT NO. 73
LAKE COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

eder, casella & co

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hawthorn School District No. 73
Vernon Hills, Illinois

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of

Hawthorn School District No. 73

as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund, of the District as of June 30, 2022, and the respective changes in financial position - modified cash basis thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Opinions

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 Hawthorn School District No. 73 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As described in Note 18 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 the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hawthorn School District No. 73'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 Hawthorn School District No. 73'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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental 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* (Uniform Guidance), are presented for purposes of additional analysis and are 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, except for the average daily attendance figure included in the computation of operating expenses 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 supplementary 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 3, 2022 on our consideration of Hawthorn School District No. 73'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 Hawthorn School District No. 73'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 Hawthorn School District No. 73's internal control over financial reporting and compliance.

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

McHenry, Illinois
October 3, 2022



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
Hawthorn School District No. 73
Vernon Hills, 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 financial statements of the governmental activities and each major fund of

Hawthorn School District No. 73

as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hawthorn School District No. 73's basic financial statements, and have issued our report thereon dated October 3, 2022. Our opinion was qualified 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 modified 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 Hawthorn School District No. 73's internal control over financial reporting (internal control) to determine the 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 Hawthorn School District No. 73's internal control. Accordingly, we do not express an opinion on the effectiveness of Hawthorn School District No. 73'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hawthorn School District No. 73'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 and 2022-002.

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 3, 2022

SUPPLEMENTAL INFORMATION

HAWTHORN SCHOOL DISTRICT NO. 73
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Management's Discussion and Analysis of Hawthorn School District No. 73's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2022. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position – Modified Cash Basis presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities – Modified Cash Basis presents information showing how the District's net position changed during the fiscal year being reported. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operations and maintenance, and transportation services.

The government-wide financial statements can be found in this report as noted in the table of contents.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds (the District maintains no proprietary funds).

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet - Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis for the General, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, Capital Projects, and Tort Funds, all of which the District considers to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is supplemental information, has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in this report as noted in the table of contents.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report as noted in the table of contents.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning the District's progress in meeting its obligation to provide as fully adequate as possible educational services and extracurricular activities to all of its resident's students.

Supplemental information can be found in this report as noted in the table of contents.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$76,302,555 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2022 and 2021:

Hawthorn School District No. 73's Net Position at Year-End

	Governmental Activities	
	FY 2022	FY 2021
Assets		
Current and Other Assets	\$ 66,752,035	\$ 61,440,577
Capital Assets	91,113,749	81,726,119
Total Assets	\$ 157,865,784	\$ 143,166,696
Deferred Outflows of Resources	\$ 2,554,163	\$ 4,776,829
Liabilities		
Long-Term Liabilities Outstanding	\$ 83,979,071	\$ 69,405,051
Other Liabilities	138,321	114,961
Total Liabilities	\$ 84,117,392	\$ 69,520,012
Net Position		
Net Investment in Capital Assets	\$ 22,072,871	\$ 25,293,469
Restricted	20,595,869	18,355,613
Unrestricted	33,633,815	34,774,431
Total Net Position	\$ 76,302,555	\$ 78,423,513

The net investment in capital assets (29% of total net position) represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (44%) may be used to meet the District's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The District's net position decreased by \$2,120,958.

Governmental Activities

Governmental activities decreased the District's net position by \$2,120,958. Key elements of this decrease are as follows:

Hawthorn School District No. 73's Change in Net Position

	Governmental Activities	
	FY 2022	FY 2021
Revenues:		
Program Revenues		
Charges for Services	\$ 1,168,286	\$ 824,180
Operating Grants and Contributions	20,404,427	25,737,324
General Revenues:		
Property Taxes	53,180,669	56,281,872
Other Taxes	1,030,528	472,776
Grants and Contributions not Restricted to Specific Activities	4,353,136	4,229,541
Unrestricted Investment Earnings	261,139	127,542
Other	717,696	263,744
Total Revenues	<u>\$ 81,115,881</u>	<u>\$ 87,936,979</u>
Expenses:		
Instruction	\$ 46,146,955	\$ 49,990,688
Support Services	23,380,104	19,126,193
Community Services	59,810	1,635
Intergovernmental Payments	2,139,452	1,940,479
Debt Services	8,687,240	9,506,278
Depreciation - Unallocated	2,823,278	2,310,905
Total Expenses	<u>\$ 83,236,839</u>	<u>\$ 82,876,178</u>
Increase/(Decrease) in Net Position	\$ (2,120,958)	\$ 5,060,801
Net Position - Beginning	78,423,513	73,084,496
Net Position Adjustment	-	278,216
Net Position - Ending	<u>\$ 76,302,555</u>	<u>\$ 78,423,513</u>

Total revenues decreased year-to-year primarily due to decreased property tax and operating grants. The property tax decrease was due to the timing of payments. More was received from the 2020 levy before year-end in the prior year compared to amounts received from the 2021 levy before year-end in the current year. Total expenses remained rather consistent year-to-year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the District's funds reported combined ending fund balances of \$66,613,714, an increase of \$5,288,098 in comparison with the prior year.

The General Fund is the chief operating fund of the District. At June 30, 2022, fund balance was \$34,654,371 (\$34,483,342 of which is unassigned). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance both represent 56% of total General Fund expenditures.

The General Fund's fund balance decreased \$989,451 and includes an outgoing transfer of \$889,577 to the Debt Services Fund, \$3,000,000 to Operations and Maintenance Fund and a fund balance adjustment of \$350,257 (which increased beginning amounts). Fund balance in the current year decreased due to a significant decrease in property tax receipts in the current year due to timing of payments in comparison to the prior year.

The Operations and Maintenance Fund's fund balance decreased \$242,777 in comparison with the prior year. The decrease primarily was due to a transfer of \$4,000,000 to the Capital Projects Fund (offset by a \$3,000,000 transfer from the General Fund) in the current year.

The Debt Services Fund's fund balance increased \$341,033 in comparison to prior year and includes an incoming transfer of \$889,577 from the General Fund. The increase is due to principal on bonds sold.

The Transportation Fund's fund balance decreased \$1,243,148 in comparison with the prior year. The decrease is primarily due to a large decrease in property tax receipts in comparison to the prior year. There was also a decrease in state aid revenue and an increase in transportation costs in the current year; this is due to the timing of the transportation claim state monies which are based on prior year transportation expenditures, which were down due to COVID.

The Illinois Municipal Retirement/Social Security Fund's fund balance decreased \$586,826, including a fund balance adjustment of \$(350,257), in comparison with the prior year. This decrease was less than prior year due to increase in property tax revenue.

The Capital Projects Fund's fund balance increased \$8,775,193 and includes an incoming transfer of \$4,000,000 from the Operations and Maintenance Fund. This increase was due to principal on bonds sold.

The Tort Fund's fund balance decreased \$264,010 in comparison with the prior year. Fund balance decreased in the current year due to expenses exceeding revenues.

General Fund Budgetary Highlights

The budget was not amended during the year ended June 30, 2022; therefore, the amounts shown as original and final are the same.

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- The difference between budgeted revenues and actual revenues was \$15,042,140 (favorable) and was due to state retirement contributions that were not budgeted for and federal food service revenue that was higher than anticipated.
- The difference between budgeted expenditures and actual expenditures was \$13,208,153 (unfavorable) and was due to state retirement contributions being higher than anticipated, mainly due to COVID and continued free lunch throughout the entire school year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the District had invested \$91,113,749 in a broad range of capital assets, including land, buildings, improvements other than buildings, equipment other than transportation/food service, transportation equipment and construction in progress. Total depreciation expense for the year was \$2,832,526.

Major capital asset events during the current fiscal year included the following:

- Middle School South Roof Replacement for \$1,269,175
- Completion of the Middle School North Project for \$9,720,060, which includes expenditures from past fiscal years.
- New Apple iPads for \$1,026,933.

- Construction in Progress which consists of Elementary South, Middle School South, Aspen Elementary, District Office, and Elementary North Projects for \$9,987,700.

Hawthorn School District No. 73's Capital Assets (net of depreciation)

	Governmental Activities	
	FY 2022	FY 2021
Land	\$ 1,480,528	\$ 1,480,528
Construction in Progress	9,987,700	9,928,316
Buildings	66,546,894	67,662,067
Improvements Other than Buildings	10,227,662	753,728
Equipment Other than Transportation/Food Service	2,864,873	1,886,140
Transportation Equipment	2,899	11,566
Food Service Equipment	3,193	3,774
Total	<u>\$ 91,113,749</u>	<u>\$ 81,726,119</u>

For more detail on the District's capital assets, see Note 3 in the Notes to the Financial Statements.

Long-Term Debt

At June 30, 2022, the District had \$83,979,071 in long-term debt.

Hawthorn School District No. 73's Outstanding Debt

	Governmental Activities	
	FY 2022	FY 2021
General Obligation Bonds	\$ 78,751,132	\$ 65,479,913
Lease/Purchase Agreements	537,999	386,399
Unamortized Bond Premium	4,738,321	3,595,917
Unamortized Bond Discount	(48,381)	(57,178)
Total	<u>\$ 83,979,071</u>	<u>\$ 69,405,051</u>

Significant debt activity for the year ended June 30, 2022 was as follows:

- Principal payments on all debt were \$2,344,114.
- New capital lease for Apple iPads for \$1,026,933.
- Issuance of General Obligation Bonds for \$14,740,000.

For more detail on the District's long-term debt, see Note 4 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

Hawthorn School District No. 73 has seen a decrease in population over the past three years. The ISBE fall housing enrollment data reflects a decrease in 2022 of 3,601. In 2021 the same report reflected and enrollment of 3,748 and 3,941 students in 2020.

The Board considered these factors in preparing the District's budget for fiscal year 2023:

- As we plan for the total amount of local revenue to be collected in fiscal year 2023, it is important to consider how CPI will impact the levy. At this time, we anticipate preparing a levy that is representative of the current market conditions and plans for increases in expenditures.
- At the state level, Hawthorn 73 is now categorized as a Tier III district, with an 91% funding adequacy level. At this time, the budgeted revenue for EBF will remain relatively flat.

- The district expects to receive 1.3 million in ESSER II & III Federal Revenue, reimbursing grant funded expenditures under the Elementary and Secondary School Emergency Relief Fund during fiscal year 2023.
- Although we added FTE, the budget for salaries and benefits are budgeted 1% higher than fiscal year 2022 due to retirements.
- The district has decreased the number of bus routes by 20% from the year prior, however it is anticipated that any route efficiency savings will be offset by volatile fuel costs.
- On an annual basis the district pays down existing bond debt. This year \$7.9 million is estimated to be the amount due.
- The final phase of construction funded by the 2018 referendum is scheduled to begin in the Spring of 2023 at Elementary North.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District at the following address:

Hawthorn School District No. 73
841 W. End Court
Vernon Hills, IL 60061

BASIC FINANCIAL STATEMENTS

HAWTHORN SCHOOL DISTRICT NO. 73
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 15,261,465
Investments	51,489,405
Other Receivable	1,165
Capital Assets:	
Land	1,480,528
Construction in Progress	9,987,700
Depreciable Buildings, Property, and Equipment, net of depreciation	79,645,521
Total Assets	<u><u>\$ 157,865,784</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Charge on Bond Refunding	\$ 2,554,163
Total Deferred Outflows of Resources	<u><u>\$ 2,554,163</u></u>
 LIABILITIES	
Payroll Liabilities	\$ 138,100
Payable to Other Governments	221
Long-Term Liabilities	
Due Within One Year	2,180,710
Due in More Than One Year	81,798,361
Total Liabilities	<u><u>\$ 84,117,392</u></u>
 NET POSITION	
Net Investment in Capital Assets	\$ 22,072,871
Restricted for:	
Operations and Maintenance	869,083
Debt Service	4,727,558
Transportation	2,287,868
Retirement	156,301
Capital Projects	12,384,030
Student Activity Funds	171,029
Unrestricted/(Deficit)	33,633,815
Total Net Position	<u><u>\$ 76,302,555</u></u>

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

HAWTHORN SCHOOL DISTRICT NO. 73
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and Changes
	Expenses	Services	Grants and Contributions	in Net Position
				Governmental Activities
Functions/Programs				
Governmental Activities				
Instruction				
Regular Programs	\$ 20,710,042	\$ 628,002	\$ 1,238,258	\$ (18,843,782)
Pre-K Programs	606,767	-	-	(606,767)
Special Education Programs	6,978,485	100,275	1,135,057	(5,743,153)
Special Education Programs Pre-K	207,124	-	-	(207,124)
Other Instructional Programs	3,189,320	303,371	-	(2,885,949)
Student Activity Fund	128,575	95,764	-	(32,811)
State Retirement Contributions	14,326,642	-	14,326,642	-
Support Services				
Pupil	4,692,560	-	558,651	(4,133,909)
Instructional Staff	1,724,658	-	-	(1,724,658)
General Administration	1,043,502	-	-	(1,043,502)
School Administration	2,684,794	-	-	(2,684,794)
Business	888,738	-	-	(888,738)
Facilities Acquisition and Construction Services	28,419	-	-	(28,419)
Operations and Maintenance	3,983,636	12,515	333,579	(3,637,542)
Transportation	4,162,373	20,047	1,143,384	(2,998,942)
Food Services	1,135,309	8,312	1,360,420	233,423
Central	2,892,723	-	-	(2,892,723)
Other Support Services	143,392	-	-	(143,392)
Community Services	59,810	-	-	(59,810)
Debt Services				
Interest and Fees	8,687,240	-	-	(8,687,240)
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	2,139,452	-	308,436	(1,831,016)
Depreciation Unallocated	2,823,278	-	-	(2,823,278)
Total Governmental Activities	<u>\$ 83,236,839</u>	<u>\$ 1,168,286</u>	<u>\$ 20,404,427</u>	<u>\$ (61,664,126)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				\$ 45,327,919
Property Taxes, Levied for Debt Service				7,852,750
Personal Property Replacement Taxes				1,030,528
Grants and Contributions not Restricted to				
Specific Activities				4,353,136
Unrestricted Investment Earnings				261,139
Miscellaneous Income				717,696
Total General Revenues				<u>\$ 59,543,168</u>
Change in Net Position				\$ (2,120,958)
Net Position - July 1, 2021				<u>78,423,513</u>
Net Position - June 30, 2022				<u>\$ 76,302,555</u>

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

HAWTHORN SCHOOL DISTRICT NO. 73
FUND FINANCIAL STATEMENTS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 7,865,121	\$ 968,414	\$ 1,131,289	\$ 704,300	\$ -	\$ 4,592,341	\$ -	\$ 15,261,465
Investments	26,252,669	3,304,282	3,860,022	2,403,110	-	15,669,322	-	51,489,405
Other Receivable	-	-	-	-	1,165	-	-	1,165
Interfund Receivables (Cash Overdraft)	\$ 674,895	-	-	-	-	-	-	674,895
Total Assets	\$ 34,792,685	\$ 4,272,696	\$ 4,991,311	\$ 3,107,410	\$ 1,165	\$ 20,261,663	\$ -	\$ 67,426,930
LIABILITIES								
Current Liabilities								
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ 503,819	\$ -	\$ 171,076	\$ 674,895
Payroll Liabilities	138,100	-	-	-	-	-	-	138,100
Payable to Other Governments	214	7	-	-	-	-	-	221
Total Current Liabilities	\$ 138,314	\$ 7	\$ -	\$ -	\$ 503,819	\$ -	\$ 171,076	\$ 813,216
Total Liabilities	\$ 138,314	\$ 7	\$ -	\$ -	\$ 503,819	\$ -	\$ 171,076	\$ 813,216
FUND BALANCE								
Restricted								
Operations and Maintenance	\$ -	\$ 869,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 869,083
Debt Service	-	-	4,727,558	-	-	-	-	4,727,558
Transportation	-	-	-	2,287,868	-	-	-	2,287,868
Illinois Municipal Retirement Fund	-	-	-	-	156,301	-	-	156,301
Capital Projects	-	-	-	-	-	12,384,030	-	12,384,030
Student Activity Funds	171,029	-	-	-	-	-	-	171,029
Assigned								
Operations and Maintenance	-	3,403,606	-	-	-	-	-	3,403,606
Debt Service	-	-	263,753	-	-	-	-	263,753
Transportation	-	-	-	819,542	-	-	-	819,542
Capital Projects	-	-	-	-	-	7,877,633	-	7,877,633
Unassigned	34,483,342	-	-	-	(658,955)	-	(171,076)	33,653,311
Total Fund Balance	\$ 34,654,371	\$ 4,272,689	\$ 4,991,311	\$ 3,107,410	\$ (502,654)	\$ 20,261,663	\$ (171,076)	\$ 66,613,714
Total Liabilities and Fund Balance	\$ 34,792,685	\$ 4,272,696	\$ 4,991,311	\$ 3,107,410	\$ 1,165	\$ 20,261,663	\$ -	\$ 67,426,930

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

HAWTHORN SCHOOL DISTRICT NO. 73
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

Total Fund Balances - Governmental Funds		\$ 66,613,714
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 136,741,448	
Accumulated Depreciation on Capital Assets	<u>(45,627,699)</u>	91,113,749
Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.		
Deferred Loss on Refunding, net of amortization	\$ 2,554,163	
Bond Premiums, net of amortization	(4,738,321)	
Bond Discount, net of amortization	<u>48,381</u>	(2,135,777)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable		<u>(79,289,131)</u>
Net Position of Governmental Activities		<u><u>\$ 76,302,555</u></u>

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

HAWTHORN SCHOOL DISTRICT NO. 73
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
REVENUES								
Property Taxes	\$ 38,865,822	\$ 3,294,538	\$ 7,852,750	\$ 1,600,229	\$ 1,392,395	\$ -	\$ 174,935	\$ 53,180,669
Payments in Lieu of Taxes	-	1,030,528	-	-	-	-	-	1,030,528
Tuition	180,586	-	-	-	-	-	-	180,586
Transportation Fees	-	-	-	20,047	-	-	-	20,047
Earnings on Investments	127,740	16,016	16,494	15,396	335	84,819	339	261,139
Food Services	8,312	-	-	-	-	-	-	8,312
District/School Activity Income	395,335	-	-	-	-	-	-	395,335
Textbooks	551,491	-	-	-	-	-	-	551,491
Other Local Sources	372,796	205,852	-	112,575	-	-	38,988	730,211
State Aid	5,206,393	50,000	-	1,143,384	-	-	-	6,399,777
Federal Aid	3,934,210	96,934	-	-	-	-	-	4,031,144
State Retirement Contributions	14,326,642	-	-	-	-	-	-	14,326,642
Total Revenues	\$ 63,969,327	\$ 4,693,868	\$ 7,869,244	\$ 2,891,631	\$ 1,392,730	\$ 84,819	\$ 214,262	\$ 81,115,881
EXPENDITURES								
Current								
Instruction								
Regular Programs	\$ 19,932,508	\$ -	\$ -	\$ -	\$ 238,923	\$ -	\$ -	\$ 20,171,431
Pre-K Programs	566,262	-	-	-	40,505	-	-	606,767
Special Education Programs	6,578,574	-	-	-	399,911	-	-	6,978,485
Special Education Programs Pre-K	192,145	-	-	-	14,979	-	-	207,124
Other Instructional Programs	3,114,978	-	-	-	74,342	-	-	3,189,320
Student Activity Fund	128,575	-	-	-	-	-	-	128,575
State Retirement Contributions	14,326,642	-	-	-	-	-	-	14,326,642
Support Services								
Pupil	4,578,516	-	-	-	114,044	-	-	4,692,560
Instructional Staff	1,682,608	-	-	-	42,050	-	-	1,724,658
General Administration	562,269	-	-	-	2,961	-	478,272	1,043,502
School Administration	2,525,114	-	-	-	159,680	-	-	2,684,794
Business	791,466	-	-	-	97,272	-	-	888,738
Facilities Acquisition and Construction Services	-	93	-	-	-	28,326	-	28,419
Operations and Maintenance	520	3,858,937	-	-	124,179	-	-	3,983,636
Transportation	14,029	-	-	4,134,779	4,898	-	-	4,153,706
Food Services	1,125,493	-	-	-	9,235	-	-	1,134,728
Central	2,698,707	-	-	-	194,016	-	-	2,892,723
Other Support Services	123,137	-	-	-	20,255	-	-	143,392
Community Services	50,908	-	-	-	8,902	-	-	59,810
Debt Services								
Principal	-	-	2,344,114	-	-	-	-	2,344,114
Interest and Fees	-	-	6,771,224	-	-	-	-	6,771,224
Capital Outlay	370,702	77,615	-	-	-	11,283,517	-	11,731,834
Intergovernmental Payments								
Payments to Other Districts and Governmental Units	2,056,305	-	-	-	83,147	-	-	2,139,452
Total Expenditures	\$ 61,419,458	\$ 3,936,645	\$ 9,115,338	\$ 4,134,779	\$ 1,629,299	\$ 11,311,843	\$ 478,272	\$ 92,025,634

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

HAWTHORN SCHOOL DISTRICT NO. 73
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
Continued								
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,549,869	\$ 757,223	\$ (1,246,094)	\$ (1,243,148)	\$ (236,569)	\$ (11,227,024)	\$ (264,010)	\$ (10,909,753)
OTHER FINANCING SOURCES (USES)								
Interfund Transfers	\$ (3,889,577)	\$ (1,000,000)	\$ 889,577	\$ -	\$ -	\$ 4,000,000	\$ -	\$ -
Principal on Bonds Sold	-	-	697,550	-	-	14,042,450	-	14,740,000
Premium on Bonds Sold	-	-	-	-	-	1,457,851	-	1,457,851
	<u>\$ (3,889,577)</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,587,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,500,301</u>	<u>\$ -</u>	<u>\$ 16,197,851</u>
NET CHANGE IN FUND BALANCES	\$ (1,339,708)	\$ (242,777)	\$ 341,033	\$ (1,243,148)	\$ (236,569)	\$ 8,273,277	\$ (264,010)	\$ 5,288,098
FUND BALANCE - JULY 1, 2021	35,643,822	4,515,466	4,650,278	4,350,558	84,172	11,988,386	92,934	61,325,616
PRIOR PERIOD ADJUSTMENT (Note 19)	<u>350,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2022	<u>\$ 34,654,371</u>	<u>\$ 4,272,689</u>	<u>\$ 4,991,311</u>	<u>\$ 3,107,410</u>	<u>\$ (502,654)</u>	<u>\$ 20,261,663</u>	<u>\$ (171,076)</u>	<u>\$ 66,613,714</u>

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

HAWTHORN SCHOOL DISTRICT NO. 73
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 5,288,098

Amounts reported for governmental activities in the Statement of Activities - Modified Cash Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay on the funds exceeds depreciation expense in the current period.

Depreciation Expense	\$ (2,832,526)	
Capital Outlays	<u>12,758,767</u>	
		9,926,241

In the Statement of Activities - Modified Cash Basis, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets	(538,611)
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Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but issuing debt increases long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.

Proceeds form Long-Term Debt	(15,766,933)	
Premium on Long-Term Debt	<u>(1,457,601)</u>	
		(17,224,534)

Some expenses reported in the Statement of Activities - Modified Cash Basis do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of Deferred Loss on Refunding	\$ (2,222,666)	
Amortization on Bond Discounts	(8,797)	
Amortization of Bond Premiums	<u>315,197</u>	
		(1,916,266)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.

Repayment of Long-Term Debt	<u>2,344,114</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (2,120,958)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

HAWTHORN SCHOOL DISTRICT NO. 73
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hawthorn School District No. 73's (District) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the District are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Financial Statements*

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs, non-programmed services, etc.). Program revenues include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

NOTES TO FINANCIAL STATEMENTS (Continued)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses

The emphasis in fund financial statements is on the major funds. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. The District electively made all governmental funds major funds.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Educational, Working Cash, and Special Education levies are included in this fund.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, Illinois Municipal Retirement/Social Security Fund, and Tort Fund) are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest and related fees on general long-term debt.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

NOTES TO FINANCIAL STATEMENTS (Continued)

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

E. *Budgetary Process*

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 9, 2021. The modified cash basis budgeted amounts in this report are the result of full compliance with the following procedures:

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 by the same procedures required of its original adoption.

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

F. *Cash and Cash Equivalents and Investments*

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

Occasionally certain of the funds participating in the common bank accounts 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.

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at cost due to use of the modified cash basis of accounting. Gains and losses are not recognized until the sale of the investments occurs.

G. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Land Improvements	20 years
Equipment Other than Transportation/Food Service	5-20 years
Food Service Equipment	10 years
Transportation Equipment	5 years

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

K. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position – Modified Cash Basis. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures in the year they occur.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. *Government-Wide Fund Net Position*

Government-wide fund net position is divided into three components:

NOTES TO FINANCIAL STATEMENTS (Continued)

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The District has not delegated this authority to an appointed body or official.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt services fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself. All assigned balances are the residual amount of the fund.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative balances in special revenue, debt services, and capital projects funds.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

N. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2021 tax levy was passed by the Board on December 16, 2021. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

NOTE 2 - DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENT

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

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of June 30, 2022, deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

Investments and Fair Value Measurement

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

Types of investments	Credit Quality/ Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using	
				Level 1	Level 2
U.S. Treasury Securities	Not Rated	less than 1 year	\$ 46,511,390	\$ 46,511,390	\$ -
State Investment Pool	AAAm	less than 1 year	8,273,452	-	8,273,452
Certificates of Deposit	N/A	less than 1 year	2,984,400	-	2,984,400
Total Investments			57,769,242	46,511,390	11,257,852.00

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.

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

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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.

Concentration of Credit Risk. The District places no specific limit on the amount the District may invest in any one issuer.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 1,480,528	\$ -	\$ -	\$ 1,480,528
Construction in Progress	9,928,316	8,962,454	8,903,070	9,987,700
Total Capital Assets not being depreciated	<u>\$ 11,408,844</u>	<u>\$ 8,962,454</u>	<u>\$ 8,903,070</u>	<u>\$ 11,468,228</u>
Other Capital Assets				
Buildings	\$ 107,078,523	\$ 1,269,175	\$ 421,283	\$ 107,926,415
Improvements Other than Buildings	2,561,206	9,797,675	-	12,358,881
Equipment Other than Transportation/ Food Service	4,441,151	1,632,533	1,281,012	4,792,672
Transportation Equipment	270,444	-	81,000	189,444
Food Service Equipment	5,808	-	-	5,808
Total Other Capital Assets at Historical Cost	<u>\$ 114,357,132</u>	<u>\$ 12,699,383</u>	<u>\$ 1,783,295</u>	<u>\$ 125,273,220</u>
Less Accumulated Depreciation for				
Buildings	\$ 39,416,456	\$ 2,148,127	\$ 185,062	\$ 41,379,521
Improvements Other than Buildings	1,807,478	323,741	-	2,131,219
Equipment Other than Transportation/ Food Service	2,555,011	351,410	978,622	1,927,799
Transportation Equipment	258,878	8,667	81,000	186,545
Food Service Equipment	2,034	581	-	2,615
Total Accumulated Depreciation	<u>\$ 44,039,857</u>	<u>\$ 2,832,526</u>	<u>\$ 1,244,684</u>	<u>\$ 45,627,699</u>
Other Capital Assets, Net	<u>\$ 70,317,275</u>	<u>\$ 9,866,857</u>	<u>\$ 538,611</u>	<u>\$ 79,645,521</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 81,726,119</u></u>	<u><u>\$ 18,829,311</u></u>	<u><u>\$ 9,441,681</u></u>	<u><u>\$ 91,113,749</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Unallocated	\$ 2,823,278
Support Services - Transportation Equipment	8,667
Support Services - Food Service	581
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,832,526</u></u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 53,299,913	\$ 14,740,000	\$ 1,468,781	\$ 66,571,132	\$ 1,833,821
General Obligation Refunding Bonds	12,180,000	-	-	12,180,000	-
Unamortized Bond Premium	3,595,917	1,457,601	315,197	4,738,321	355,686
Unamortized Bond Discount	(57,178)	-	(8,797)	(48,381)	(8,797)
Purchase Agreements	386,399	1,026,933	875,333	537,999	-
Total Bonds and Notes Payable	<u>\$ 69,405,051</u>	<u>\$ 17,224,534</u>	<u>\$ 2,650,514</u>	<u>\$ 83,979,071</u>	<u>\$ 2,180,710</u>
Total Governmental Activities					
Long-Term Liabilities	<u><u>\$ 69,405,051</u></u>	<u><u>\$ 17,224,534</u></u>	<u><u>\$ 2,650,514</u></u>	<u><u>\$ 83,979,071</u></u>	<u><u>\$ 2,180,710</u></u>

Bonds and notes payable consisted of the following at June 30, 2022:

NOTES TO FINANCIAL STATEMENTS (Continued)

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Carrying Amount</u>
Governmental Activities				
General Obligation Bonds				
Dated 12/16/2002	12/1/2021	9.00%	\$ 26,516,682	\$ -
Dated 2/9/2004	12/1/2023	9.00%	7,439,111	1,631,132
Dated 10/4/2018	1/1/2030	2.00% - 4.00%	6,240,000	4,810,000
Dated 2/6/2019	1/1/2034	4.00% - 5.00%	26,250,000	26,250,000
Dated 2/6/2019	1/1/2028	3.23% - 3.53%	12,180,000	12,180,000
Dated 1/9/2020	1/1/2038	3.00% - 4.00%	19,140,000	19,140,000
Dated 12/21/2021	12/1/2040	4.00%	14,740,000	14,740,000
Purchase Agreements				
Dated 07/01/2020	7/1/2023	2.06%	772,959	195,168
Dated 07/01/2021	7/1/2023	0.69%	1,026,933	342,831

At June 30, 2022, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,833,821	\$ 6,704,696	\$ 8,538,517
2024	2,060,310	6,435,870	8,496,180
2025	4,815,000	2,870,789	7,685,789
2026	4,985,000	2,706,825	7,691,825
2027	4,590,000	2,533,176	7,123,176
2028-2032	23,330,000	9,605,221	32,935,221
2033-2037	22,500,000	4,811,410	27,311,410
2038-2040	15,175,000	920,544	16,095,544
	<u>\$ 79,289,131</u>	<u>\$ 36,588,531</u>	<u>\$ 115,877,662</u>

All debt is liquidated by the debt services fund.

NOTE 5 - INTERFUND LOANS

There are no interfund loans at June 30, 2022.

NOTE 6 - NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital asset calculation as of June 30, 2022 was as follows:

Governmental Activities	
Capital Assets, Net of Accumulated Depreciation	\$ 91,113,749
Less: Capital Related Debt	(81,424,908)
Plus: Unspent Debt Proceeds	12,384,030
Investment in Capital Assets	<u>\$ 22,072,871</u>

NOTE 7 - DEFICIT FUND BALANCE

As of June 30, 2022 the following funds had a deficit fund balance:

	<u>June 30, 2022</u>
	<u>Fund Balance</u>
Illinois Municipal Retirement/Social Security	\$ (502,654)
Capital Projects	(171,076)

NOTE 8 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2021 levy (\$24,649,411) and 2020 and prior levies (\$28,531,258). A summary of the assessed valuations and extensions for tax years 2021, 2020, and 2019 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assessed Valuation	2021		2020		2019	
	\$1,419,092,547		\$1,411,831,937		\$1,426,055,738	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	2.7461	\$ 38,970,211	2.8375	\$ 40,060,477	2.6665	\$ 38,025,962
Special Education	0.0296	419,299	0.0296	418,326	0.0257	365,897
Tort Immunity	0.0278	394,650	-	-	-	-
Operations and Maintenance	0.2364	3,354,408	0.2440	3,445,011	0.2808	4,004,707
Debt Service	0.5721	8,118,614	0.5740	8,104,099	0.5785	8,250,346
Transportation	0.0695	986,596	0.1569	2,214,656	0.1800	2,566,344
Municipal Retirement	0.1112	1,578,556	-	-	-	-
Social Security	0.0973	1,381,231	-	-	-	-
SEDOL IMRF	0.0058	81,570	0.0059	83,157	0.0054	76,522
Working Cash	0.0035	49,342	0.0035	49,216	0.0033	47,744
Revenue Recapture	0.0169	239,855	-	-	-	-
	<u>3.9162</u>	<u>\$ 55,574,332</u>	<u>3.8514</u>	<u>\$ 54,374,942</u>	<u>3.7402</u>	<u>\$ 53,337,522</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2022, the expenditures of the following funds exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 48,211,305	\$ 61,419,458	\$ 13,208,153
Debt Services	8,200,000	9,115,338	915,338
Transportation	3,963,908	4,134,779	170,871
Illinois Municipal Retirement/Social Security	1,530,447	1,629,299	98,852
Capital Projects	10,300,700	11,311,843	1,011,143
Tort	432,500	478,272	45,772

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

General Information About the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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. The earliest possible implementation date is July 1, 2020. 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 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 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.

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 \$14,012,506 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 \$155,305.

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 \$590,156 were paid from federal and special trust funds that required District contributions of \$60,845.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 \$10,161 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.

Benefits Provided

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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 benefits	226
Inactive plan members entitled to but not yet receiving benefits	366
Active plan members	152
Total	<u><u>744</u></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 rate for calendar years 2022 and 2021 were 12.97% and 14.58%, respectively. For the fiscal year ended June 30, 2022, the District contributed \$749,282 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. Social Security

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

NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS

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). Annuity holders not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuity holders 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

- 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.

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 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% of each teacher's salary. For the fiscal year ended June 30, 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 \$179,404.

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 \$314,136 in benefit contributions from the State of Illinois.

NOTE 12 - INTERFUND TRANSFERS

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Transfer from	Transfer to	Amount
General Fund	Debt Services Fund	\$ 889,577
General Fund	Operations and Maintenance Fund	3,000,000
Operations and Maintenance Fund	Capital Projects Fund	4,000,000

The transfer from the General Fund to the Debt Services Fund was made for payments of principal and interest on purchase agreements.

The transfers from the General Fund to the Operations and Maintenance Fund was made to cover capital expenses.

The transfer from the Operations and Maintenance Fund to the Capital Projects Fund were to fund capital expenses.

NOTE 13 - JOINT VENTURE – SPECIAL EDUCATION DISTRICT OF LAKE COUNTY (SEDOL)

The District and thirty other districts within Lake 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 the Statement of Net Position of SEDOL at June 30, 2021 (most recent information available) is as follows:

Assets	\$ 71,257,041
Deferred Outflows of Resources	1,911,064
	<u>\$ 73,168,105</u>
Liabilities	\$ 33,270,616
Deferred Inflows of Resources	13,424,604
Net Position	<u>26,472,885</u>
	<u>\$ 73,168,105</u>
Revenues Received	\$ 65,643,176
Expenditures Disbursed	<u>65,021,556</u>
Net Increase/(Decrease) in Net Position	<u>\$ 621,620</u>

Complete financial statements for SEDOL can be obtained from the Administrative Offices at 18160 Gages Lake Road, Gages Lake, Illinois 60030-1819.

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.

During the year ended June 30, 2022, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage for the past three fiscal years. The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2022, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - CONTINGENCIES

The District is currently dealing with various property tax objections, none of which were finalized by year-end. The potential liability to the District totals approximately \$339,000. With past experience with PTAB appeals, any liability is likely to be less than that amount.

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	\$	1,419,092,547
Rate		6.90%
Debt Margin	\$	97,917,386
Current Debt		79,289,131
Remaining Debt Margin	\$	18,628,255

NOTE 17 - CONSTRUCTION CONTINGENCIES

The District has ongoing contracts for renovations at multiple locations as of June 30, 2022. The projects have the following outstanding commitments that have not been included as expenditures in these financial statements:

Renovations at various schools	\$	8,350,940
Total	\$	8,350,940

NOTE 18 - 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.

NOTE 19 - FUND BALANCE ADJUSTMENT

In prior years the District paid SEDOL IMRF payments out of the Education Fund, however they should have been paid out the Illinois Municipal Retirement Fund. The District has made a fund balance adjustment to correct this as follows:

Adjustments to 6/30/21 balances:		
Educational Fund	\$	350,257
Illinois Municipal Retirement Fund		(350,257)
	\$	-

SUPPLEMENTAL INFORMATION

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 39,410,000	\$ 38,865,822
Tuition	200,000	180,586
Earnings on Investments	50,000	127,740
Food Services	-	8,312
District/School Activity Income	473,000	395,335
Textbooks	445,000	551,491
Other Local Sources	200,000	372,796
State Aid		
General State Aid	4,350,670	4,353,136
Special Education	440,000	369,011
State Free Lunch and Breakfast	3,000	20,505
Early Childhood - Block Grant	500,000	463,227
Other Restricted Revenue from State Sources	5,000	514
Federal Aid		
Food Service	500,000	1,339,915
Title I	351,460	161,067
Title IV	47,470	14,960
Federal Special Education	1,020,740	1,056,432
Title III - English Language Acquisition	179,095	186,076
Title II - Teacher Quality	101,752	66,469
Medicaid Matching Funds - Administrative Outreach	-	225,694
Medicaid Matching Funds - Fee-for-Service Program	150,000	78,504
Other Federal Aid	500,000	805,093
State Retirement Contributions	-	14,326,642
Total Revenues	\$ 48,927,187	\$ 63,969,327
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 15,497,588	\$ 15,705,313
Employee Benefits	2,371,678	2,835,324
Purchased Services	225,600	49,018
Supplies and Materials	1,108,638	1,323,818
Other Objects	-	461
Non-Capitalized Equipment	-	18,574
	\$ 19,203,504	\$ 19,932,508
Pre-K Programs		
Salaries	\$ 508,939	\$ 388,664
Employee Benefits	77,093	96,086
Purchased Services	-	38,202
Supplies and Materials	10,000	43,310
	\$ 596,032	\$ 566,262
Special Education Programs		
Salaries	\$ 4,410,877	\$ 4,370,940
Employee Benefits	889,348	1,109,319
Purchased Services	155,100	69,108
Supplies and Materials	139,322	68,821
Other Objects	4,000	2,054
	\$ 5,598,647	\$ 5,620,242
Special Education Programs Pre-K		
Salaries	\$ 175,895	\$ 155,670
Employee Benefits	24,998	36,475
	\$ 200,893	\$ 192,145

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Remedial and Supplemental Programs K-12		
Salaries	\$ 352,679	\$ 350,112
Employee Benefits	21,781	41,696
	<u>\$ 374,460</u>	<u>\$ 391,808</u>
Interscholastic Programs		
Salaries	\$ 320,000	\$ 423,788
Employee Benefits	73	5,790
Purchased Services	12,000	20,850
Supplies and Materials	70,528	69,707
Other Objects	5,000	4,750
	<u>\$ 407,601</u>	<u>\$ 524,885</u>
Summer School Programs		
Salaries	\$ 228,298	\$ 77,529
Employee Benefits	4,666	1,678
Purchased Services	-	650
Supplies and Materials	55,500	14,589
Other Objects	1,000	719
	<u>\$ 289,464</u>	<u>\$ 95,165</u>
Bilingual Programs		
Salaries	\$ 1,788,699	\$ 1,579,458
Employee Benefits	278,704	339,522
Purchased Services	20,000	101,622
Supplies and Materials	163,214	82,518
	<u>\$ 2,250,617</u>	<u>\$ 2,103,120</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ 1,100,000	\$ 958,332
	<u>\$ 1,100,000</u>	<u>\$ 958,332</u>
Student Activity Fund		
Other Objects	\$ 190,000	\$ 128,575
	<u>\$ 190,000</u>	<u>\$ 128,575</u>
State Retirement Contributions	\$ -	\$ 14,326,642
Total Instruction	<u>\$ 30,211,218</u>	<u>\$ 44,839,684</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 1,073,652	\$ 1,067,146
Employee Benefits	78,949	142,032
	<u>\$ 1,152,601</u>	<u>\$ 1,209,178</u>
Guidance Services		
Employee Benefits	\$ -	\$ 1
Purchased Services	150,500	125,497
Supplies and Materials	10,000	4,441
	<u>\$ 160,500</u>	<u>\$ 129,939</u>
Health Services		
Salaries	\$ 383,924	\$ 431,323
Employee Benefits	51,609	72,891
Purchased Services	70,000	90,797
Supplies and Materials	-	16,322
	<u>\$ 505,533</u>	<u>\$ 611,333</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Psychological Services		
Salaries	\$ 403,495	\$ 441,926
Employee Benefits	22,854	48,811
Purchased Services	17,000	63,677
	<u>\$ 443,349</u>	<u>\$ 554,414</u>
Speech Pathology and Audiology Services		
Salaries	\$ 1,098,893	\$ 1,107,555
Employee Benefits	87,503	169,283
Purchased Services	12,500	9,675
	<u>\$ 1,198,896</u>	<u>\$ 1,286,513</u>
Other Support Services - Pupil		
Salaries	\$ 605,635	\$ 603,892
Employee Benefits	45,236	96,247
Purchased Services	-	87,000
	<u>\$ 650,871</u>	<u>\$ 787,139</u>
Total Support Services - Pupil	<u>\$ 4,111,750</u>	<u>\$ 4,578,516</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 864,490	\$ 619,608
Employee Benefits	413,269	175,002
Purchased Services	202,800	153,542
Supplies and Materials	63,000	22,739
Other Objects	11,000	8,294
	<u>\$ 1,554,559</u>	<u>\$ 979,185</u>
Educational Media Services		
Salaries	\$ 348,319	\$ 346,446
Employee Benefits	70,119	87,865
Purchased Services	128,955	72,649
Supplies and Materials	184,213	174,302
Non-Capitalized Equipment	-	5,460
	<u>\$ 731,606</u>	<u>\$ 686,722</u>
Assessment and Testing		
Supplies and Materials	\$ 18,720	\$ 16,701
	<u>\$ 18,720</u>	<u>\$ 16,701</u>
Total Support Services - Instructional Staff	<u>\$ 2,304,885</u>	<u>\$ 1,682,608</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 387,500	\$ 280,171
Supplies and Materials	-	360
Other Objects	-	12,578
	<u>\$ 387,500</u>	<u>\$ 293,109</u>
Executive Administration Services		
Salaries	\$ 199,032	\$ 206,687
Employee Benefits	62,523	52,650
Purchased Services	7,075	3,398
Supplies and Materials	300	3,946
Other Objects	-	2,457
	<u>\$ 268,930</u>	<u>\$ 269,138</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Special Area Administrative Services		
Purchased Services	\$ 1,200	\$ 22
	<u>\$ 1,200</u>	<u>\$ 22</u>
 Total Support Services - General Administration	 <u>\$ 657,630</u>	 <u>\$ 562,269</u>
 School Administration		
Office of the Principal Services		
Salaries	\$ 2,035,554	\$ 1,938,207
Employee Benefits	1,268,106	551,819
Purchased Services	27,600	5,244
Supplies and Materials	27,520	11,533
Other Objects	15,650	18,311
	<u>\$ 3,374,430</u>	<u>\$ 2,525,114</u>
 Total Support Services - School Administration	 <u>\$ 3,374,430</u>	 <u>\$ 2,525,114</u>
 Business		
Direction of Business Support Services		
Salaries	\$ 154,500	\$ 157,471
Employee Benefits	74,372	46,612
Purchased Services	-	6,819
Supplies and Materials	-	10,677
Other Objects	-	354
	<u>\$ 228,872</u>	<u>\$ 221,933</u>
 Fiscal Services		
Salaries	\$ 466,299	\$ 445,354
Employee Benefits	129,373	64,130
Purchased Services	25,000	55,854
Supplies and Materials	-	1,097
Other Objects	-	3,098
	<u>\$ 620,672</u>	<u>\$ 569,533</u>
 Total Support Services - Business	 <u>\$ 849,544</u>	 <u>\$ 791,466</u>
 Operations and Maintenance of Plant Services		
Purchased Services	\$ -	\$ 520
Total Support Services - Operations and Maintenance	<u>\$ -</u>	<u>\$ 520</u>
 Pupil Transportation Services		
Salaries	\$ -	\$ 11,407
Employee Benefits	-	54
Purchased Services	-	2,568
Total Support Services - Transportation	<u>\$ -</u>	<u>\$ 14,029</u>
 Food Services		
Salaries	\$ 35,000	\$ 120,722
Purchased Services	510,000	976,237
Supplies and Materials	125,000	17,069
Other Objects	6,000	11,465
Total Support Services - Food Services	<u>\$ 676,000</u>	<u>\$ 1,125,493</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Central		
Information Services		
Salaries	\$ 691,061	\$ 757,128
Employee Benefits	209,519	126,954
Purchased Services	673,000	535,320
Supplies and Materials	25,000	129,729
Other Objects	4,000	1,671
Non-Capitalized Equipment	610,000	560,796
	<u>\$ 2,212,580</u>	<u>\$ 2,111,598</u>
Staff Services		
Salaries	\$ 291,022	\$ 293,980
Employee Benefits	161,998	62,167
Purchased Services	216,500	154,105
Supplies and Materials	10,500	24,633
Other Objects	4,000	3,102
	<u>\$ 684,020</u>	<u>\$ 537,987</u>
Data Processing Services		
Purchased Services	\$ 10,000	\$ 49,122
	<u>\$ 10,000</u>	<u>\$ 49,122</u>
Total Support Services - Central	<u>\$ 2,906,600</u>	<u>\$ 2,698,707</u>
Other Support Services		
Salaries	\$ 98,525	\$ 98,343
Employee Benefits	49,723	24,794
Purchased Services	5,000	-
Total Support Services - Other Support Services	<u>\$ 153,248</u>	<u>\$ 123,137</u>
Total Support Services	<u>\$ 15,034,087</u>	<u>\$ 14,101,859</u>
Community Services		
Salaries	\$ -	\$ 47,255
Employee Benefits	-	349
Purchased Services	8,000	550
Supplies and Materials	-	2,754
Total Community Services	<u>\$ 8,000</u>	<u>\$ 50,908</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 600,000	\$ 518,770
	<u>\$ 600,000</u>	<u>\$ 518,770</u>
Other Payments to In-State Govt Units		
Purchased Services	\$ 358,000	\$ -
	<u>\$ 358,000</u>	<u>\$ -</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 958,000</u>	<u>\$ 518,770</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Intergovernmental Payments (Continued)		
Payments to Other Districts and Governmental Units (Continued)		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 1,400,000	\$ 1,537,535
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,400,000</u>	<u>\$ 1,537,535</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 2,358,000</u>	<u>\$ 2,056,305</u>
Total Intergovernmental Payments	<u>\$ 2,358,000</u>	<u>\$ 2,056,305</u>
Capital Outlay		
Instruction		
Regular Programs	\$ -	\$ 367,573
Support Services		
Central	600,000	3,129
Total Capital Outlay	<u>\$ 600,000</u>	<u>\$ 370,702</u>
Total Expenditures	<u>\$ 48,211,305</u>	<u>\$ 61,419,458</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 715,882</u>	<u>\$ 2,549,869</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(3,889,577)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 715,882</u>	<u>\$ (1,339,708)</u>
FUND BALANCE - JULY 1, 2021		35,643,822
PRIOR PERIOD ADJUSTMENT (Note 19)		<u>350,257</u>
FUND BALANCE - JUNE 30, 2022		<u><u>\$ 34,654,371</u></u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 3,500,000	\$ 3,294,538
Payments in Lieu of Taxes	540,350	1,030,528
Earnings on Investments	5,000	16,016
Other Local Sources	180,000	205,852
State Aid		
School Infrastructure - Maintenance	-	50,000
Federal Aid		
Other Federal Aid	257,799	96,934
Total Revenues	<u>\$ 4,483,149</u>	<u>\$ 4,693,868</u>
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 50,000	\$ -
Non-Capitalized Equipment	-	93
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ 50,000</u>	<u>\$ 93</u>
Operations and Maintenance of Plant Services		
Salaries	\$ 597,144	\$ 576,273
Employee Benefits	197,550	107,882
Purchased Services	2,171,566	1,888,931
Supplies and Materials	1,207,650	1,122,590
Other Objects	900	-
Non-Capitalized Equipment	69,995	163,261
Total Support Services - Operations and Maintenance	<u>\$ 4,244,805</u>	<u>\$ 3,858,937</u>
Total Support Services	<u>\$ 4,294,805</u>	<u>\$ 3,859,030</u>
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 200,000	\$ 77,615
Total Capital Outlay	<u>\$ 200,000</u>	<u>\$ 77,615</u>
Total Expenditures	<u>\$ 4,494,805</u>	<u>\$ 3,936,645</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (11,656)	\$ 757,223
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(1,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,656)</u>	<u>\$ (242,777)</u>
FUND BALANCE - JULY 1, 2021		<u>4,515,466</u>
FUND BALANCE - JUNE 30, 2022		<u>\$ 4,272,689</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
DEBT SERVICES FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 8,200,000	\$ 7,852,750
Earnings on Investments	-	16,494
Total Revenues	<u>\$ 8,200,000</u>	<u>\$ 7,869,244</u>
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 8,200,000	\$ 6,569,314
Total Debt Services - Interest	<u>\$ 8,200,000</u>	<u>\$ 6,569,314</u>
Payments of Principal on Long-Term Debt		
Other Objects	\$ -	\$ 2,344,114
Total Debt Services - Payment of Principal on Long-Term Debt	<u>\$ -</u>	<u>\$ 2,344,114</u>
Other		
Other Objects	\$ -	\$ 201,910
Total Debt Services - Other	<u>\$ -</u>	<u>\$ 201,910</u>
Total Debt Services	<u>\$ 8,200,000</u>	<u>\$ 9,115,338</u>
Total Expenditures	<u>\$ 8,200,000</u>	<u>\$ 9,115,338</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (1,246,094)</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ -	\$ 889,577
Principal on Bonds Sold	-	697,550
	<u>\$ -</u>	<u>\$ 1,587,127</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u>\$ 341,033</u>
FUND BALANCE - JULY 1, 2021		<u>4,650,278</u>
FUND BALANCE - JUNE 30, 2022		<u><u>\$ 4,991,311</u></u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 2,416,000	\$ 1,600,229
Transportation Fees	10,000	20,047
Earnings on Investments	4,000	15,396
Other Local Sources	-	112,575
State Aid		
Transportation	1,300,000	1,143,384
Total Revenues	<u>\$ 3,730,000</u>	<u>\$ 2,891,631</u>
EXPENDITURES		
Support Services		
Pupil Transportation Services		
Salaries	\$ 19,849	\$ 20,969
Employee Benefits	7,094	3,619
Purchased Services	3,716,965	4,110,191
Supplies and Materials	220,000	-
Total Support Services - Transportation	<u>\$ 3,963,908</u>	<u>\$ 4,134,779</u>
Total Support Services	<u>\$ 3,963,908</u>	<u>\$ 4,134,779</u>
Total Expenditures	<u>\$ 3,963,908</u>	<u>\$ 4,134,779</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (233,908)	\$ (1,243,148)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (233,908)</u>	\$ (1,243,148)
FUND BALANCE - JULY 1, 2021		<u>4,350,558</u>
FUND BALANCE - JUNE 30, 2022		<u>\$ 3,107,410</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 1,880,000	\$ 1,392,395
Earnings on Investments	3,300	335
Total Revenues	<u>\$ 1,883,300</u>	<u>\$ 1,392,730</u>
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 161,696	\$ 238,923
Pre-K Programs		
Employee Benefits	31,091	40,505
Special Education Programs		
Employee Benefits	298,681	399,911
Special Education Programs Pre-K		
Employee Benefits	8,787	14,979
Remedial and Supplemental Programs K-12		
Employee Benefits	3,546	4,874
Interscholastic Programs		
Employee Benefits	60	12,095
Summer School Programs		
Employee Benefits	31,427	3,586
Bilingual Programs		
Employee Benefits	30,222	53,787
Total Instruction	<u>\$ 565,510</u>	<u>\$ 768,660</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Employee Benefits	\$ 10,925	\$ 15,253
Guidance Services		
Employee Benefits	-	1
Health Services		
Employee Benefits	72,860	70,547
Psychological Services		
Employee Benefits	4,173	6,400
Speech Pathology and Audiology Services		
Employee Benefits	9,454	13,321
Other Support Services - Pupil		
Employee Benefits	6,081	8,522
Total Support Services - Pupil	<u>\$ 103,493</u>	<u>\$ 114,044</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 17,712	\$ 20,977
Educational Media Services		
Employee Benefits	13,804	21,073
Total Support Services - Instructional Staff	<u>\$ 31,516</u>	<u>\$ 42,050</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 5,053	\$ 2,961
Total Support Services - General Administration	<u>\$ 5,053</u>	<u>\$ 2,961</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 223,862	\$ 159,680
Total Support Services - School Administration	<u>\$ 223,862</u>	<u>\$ 159,680</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 3,916	\$ 2,243
Fiscal Services		
Employee Benefits	167,564	95,029
Total Support Services - Business	<u>\$ 171,480</u>	<u>\$ 97,272</u>
Operations and Maintenance of Plant Services		
Employee Benefits	\$ 207,552	\$ 124,179
Total Support Services - Operations and Maintenance	<u>\$ 207,552</u>	<u>\$ 124,179</u>
Pupil Transportation Services		
Employee Benefits	\$ 7,317	\$ 4,898
Total Support Services - Transportation	<u>\$ 7,317</u>	<u>\$ 4,898</u>
Food Services		
Employee Benefits	\$ 273	\$ 9,235
Total Support Services - Food Services	<u>\$ 273</u>	<u>\$ 9,235</u>
Central		
Information Services		
Employee Benefits	\$ 119,816	\$ 162,323
Staff Services		
Employee Benefits	57,185	31,693
Total Support Services - Central	<u>\$ 177,001</u>	<u>\$ 194,016</u>
Other Support Services		
Employee Benefits	\$ 37,390	\$ 20,255
Total Support Services - Other Support Services	<u>\$ 37,390</u>	<u>\$ 20,255</u>
Total Support Services	<u>\$ 964,937</u>	<u>\$ 768,590</u>
Community Services		
Employee Benefits	\$ -	\$ 8,902
Total Community Services	<u>\$ -</u>	<u>\$ 8,902</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments for Special Education Programs		
Employee Benefits	\$ -	\$ 83,147
Total Intergovernmental Payments	<u>\$ -</u>	<u>\$ 83,147</u>
Total Expenditures	<u>\$ 1,530,447</u>	<u>\$ 1,629,299</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
(Continued)		
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 352,853	\$ (236,569)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 352,853</u>	\$ (236,569)
FUND BALANCE - JULY 1, 2021		84,172
PRIOR PERIOD ADJUSTMENT (Note 19)		<u>(350,257)</u>
FUND BALANCE - JUNE 30, 2022		<u>\$ (502,654)</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Earnings on Investments	\$ -	\$ 84,819
Total Revenues	<u>\$ -</u>	<u>\$ 84,819</u>
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 50,000	\$ 28,326
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ 50,000</u>	<u>\$ 28,326</u>
Total Support Services	<u>\$ 50,000</u>	<u>\$ 28,326</u>
Capital Outlay		
Support Services		
Facilities Acquisition and Construction Services	\$ 10,250,700	\$ 11,283,517
Total Capital Outlay	<u>\$ 10,250,700</u>	<u>\$ 11,283,517</u>
Total Expenditures	<u>\$ 10,300,700</u>	<u>\$ 11,311,843</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (10,300,700)</u>	<u>\$ (11,227,024)</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ -	\$ 4,000,000
Principal on Bonds Sold	15,500,000	14,042,450
Premium on Bonds Sold	-	1,457,851
	<u>\$ 15,500,000</u>	<u>\$ 19,500,301</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,199,300</u>	\$ 8,273,277
FUND BALANCE - JULY 1, 2021		<u>11,988,386</u>
FUND BALANCE - JUNE 30, 2022		<u>\$ 20,261,663</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TORT FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 500,000	\$ 174,935
Earnings on Investments	1,800	339
Other Local Sources	-	38,988
Total Revenues	<u>\$ 501,800</u>	<u>\$ 214,262</u>
EXPENDITURES		
Support Services		
General Administration		
Risk Management and Claims Services Payments		
Purchased Services	<u>\$ 432,500</u>	<u>\$ 478,272</u>
	<u>\$ 432,500</u>	<u>\$ 478,272</u>
Total Support Services - General Administration	<u>\$ 432,500</u>	<u>\$ 478,272</u>
Total Support Services	<u>\$ 432,500</u>	<u>\$ 478,272</u>
Total Expenditures	<u>\$ 432,500</u>	<u>\$ 478,272</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 69,300	\$ (264,010)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 69,300</u>	\$ (264,010)
FUND BALANCE - JULY 1, 2021		<u>92,934</u>
FUND BALANCE - JUNE 30, 2022		<u>\$ (171,076)</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Educational Fund	Working Cash Fund	General Fund Total
ASSETS			
Cash and Cash Equivalents	\$ 4,186,907	\$ 3,678,214	\$ 7,865,121
Investments	13,702,398	12,550,271	26,252,669
Interfund Receivables (Cash Overdraft)	674,895	-	674,895
Total Assets	<u>\$ 18,564,200</u>	<u>\$ 16,228,485</u>	<u>\$ 34,792,685</u>
LIABILITIES			
Current Liabilities			
Payroll Liabilities	\$ 138,100	\$ -	\$ 138,100
Payable to Other Governments	214	-	214
Total Current Liabilities	<u>\$ 138,314</u>	<u>\$ -</u>	<u>\$ 138,314</u>
Total Liabilities	<u>\$ 138,314</u>	<u>\$ -</u>	<u>\$ 138,314</u>
FUND BALANCE			
Restricted			
Student Activity Funds	\$ 171,029	\$ -	\$ 171,029
Unassigned	18,254,857	16,228,485	34,483,342
Total Fund Balance	<u>\$ 18,425,886</u>	<u>\$ 16,228,485</u>	<u>\$ 34,654,371</u>
Total Liabilities and Fund Balance	<u>\$ 18,564,200</u>	<u>\$ 16,228,485</u>	<u>\$ 34,792,685</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Educational Fund	Working Cash Fund	General Fund Total
REVENUES			
Property Taxes	\$ 38,818,113	\$ 47,709	\$ 38,865,822
Tuition	180,586	-	180,586
Earnings on Investments	59,947	67,793	127,740
Food Services	8,312	-	8,312
District/School Activity Income	395,335	-	395,335
Textbooks	551,491	-	551,491
Other Local Sources	372,796	-	372,796
State Aid	5,206,393	-	5,206,393
Federal Aid	3,934,210	-	3,934,210
State Retirement Contributions	14,326,642	-	14,326,642
Total Revenues	<u>\$ 63,853,825</u>	<u>\$ 115,502</u>	<u>\$ 63,969,327</u>
EXPENDITURES			
Current			
Instruction			
Regular Programs	\$ 19,932,508	\$ -	\$ 19,932,508
Pre-K Programs	566,262	-	566,262
Special Education Programs	6,578,574	-	6,578,574
Special Education Programs Pre-K	192,145	-	192,145
Other Instructional Programs	3,114,978	-	3,114,978
Student Activity Fund	128,575	-	128,575
State Retirement Contributions	14,326,642	-	14,326,642
Support Services			
Pupil	4,578,516	-	4,578,516
Instructional Staff	1,682,608	-	1,682,608
General Administration	562,269	-	562,269
School Administration	2,525,114	-	2,525,114
Business	791,466	-	791,466
Operations and Maintenance	520	-	520
Transportation	14,029	-	14,029
Food Services	1,125,493	-	1,125,493
Central	2,698,707	-	2,698,707
Other Support Services	123,137	-	123,137
Community Services	50,908	-	50,908
Capital Outlay	370,702	-	370,702
Intergovernmental Payments			
Payments to Other Districts and Governmental Units	2,056,305	-	2,056,305
Total Expenditures	<u>\$ 61,419,458</u>	<u>\$ -</u>	<u>\$ 61,419,458</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,434,367	\$ 115,502	\$ 2,549,869
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>(889,577)</u>	<u>(3,000,000)</u>	<u>(3,889,577)</u>
NET CHANGE IN FUND BALANCES	\$ 1,544,790	\$ (2,884,498)	\$ (1,339,708)
FUND BALANCE - JULY 1, 2021	16,530,839	19,112,983	35,643,822
PRIOR PERIOD ADJUSTMENT (Note 19)	<u>350,257</u>	<u>-</u>	<u>350,257</u>
FUND BALANCE - JUNE 30, 2022	<u>\$ 18,425,886</u>	<u>\$ 16,228,485</u>	<u>\$ 34,654,371</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
REVENUES		
Property Taxes	\$ 39,360,000	\$ 38,818,113
Tuition	200,000	180,586
Earnings on Investments	25,000	59,947
Food Services	-	8,312
District/School Activity Income	473,000	395,335
Textbooks	445,000	551,491
Other Local Sources	200,000	372,796
State Aid		
General State Aid	4,350,670	4,353,136
Special Education	440,000	369,011
State Free Lunch and Breakfast	3,000	20,505
Early Childhood - Block Grant	500,000	463,227
Other Restricted Revenue from State Sources	5,000	514
Federal Aid		
Food Service	500,000	1,339,915
Title I	351,460	161,067
Title IV	47,470	14,960
Federal Special Education	1,020,740	1,056,432
Title III - English Language Acquisition	179,095	186,076
Title II - Teacher Quality	101,752	66,469
Medicaid Matching Funds - Administrative Outreach	-	225,694
Medicaid Matching Funds - Fee-for-Service Program	150,000	78,504
Other Federal Aid	500,000	805,093
State Retirement Contributions	-	14,326,642
Total Revenues	<u>\$ 48,852,187</u>	<u>\$ 63,853,825</u>
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 15,497,588	\$ 15,705,313
Employee Benefits	2,371,678	2,835,324
Purchased Services	225,600	49,018
Supplies and Materials	1,108,638	1,323,818
Other Objects	-	461
Non-Capitalized Equipment	-	18,574
	<u>\$ 19,203,504</u>	<u>\$ 19,932,508</u>
Pre-K Programs		
Salaries	\$ 508,939	\$ 388,664
Employee Benefits	77,093	96,086
Purchased Services	-	38,202
Supplies and Materials	10,000	43,310
	<u>\$ 596,032</u>	<u>\$ 566,262</u>
Special Education Programs		
Salaries	\$ 4,410,877	\$ 4,370,940
Employee Benefits	889,348	1,109,319
Purchased Services	155,100	69,108
Supplies and Materials	139,322	68,821
Other Objects	4,000	2,054
	<u>\$ 5,598,647</u>	<u>\$ 5,620,242</u>
Special Education Programs Pre-K		
Salaries	\$ 175,895	\$ 155,670
Employee Benefits	24,998	36,475
	<u>\$ 200,893</u>	<u>\$ 192,145</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Remedial and Supplemental Programs K-12		
Salaries	\$ 352,679	\$ 350,112
Employee Benefits	21,781	41,696
	<u>\$ 374,460</u>	<u>\$ 391,808</u>
Interscholastic Programs		
Salaries	\$ 320,000	\$ 423,788
Employee Benefits	73	5,790
Purchased Services	12,000	20,850
Supplies and Materials	70,528	69,707
Other Objects	5,000	4,750
	<u>\$ 407,601</u>	<u>\$ 524,885</u>
Summer School Programs		
Salaries	\$ 228,298	\$ 77,529
Employee Benefits	4,666	1,678
Purchased Services	-	650
Supplies and Materials	55,500	14,589
Other Objects	1,000	719
	<u>\$ 289,464</u>	<u>\$ 95,165</u>
Bilingual Programs		
Salaries	\$ 1,788,699	\$ 1,579,458
Employee Benefits	278,704	339,522
Purchased Services	20,000	101,622
Supplies and Materials	163,214	82,518
	<u>\$ 2,250,617</u>	<u>\$ 2,103,120</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ 1,100,000	\$ 958,332
	<u>\$ 1,100,000</u>	<u>\$ 958,332</u>
Student Activity Fund		
Other Objects	\$ 190,000	\$ 128,575
	<u>\$ 190,000</u>	<u>\$ 128,575</u>
State Retirement Contributions	\$ -	\$ 14,326,642
Total Instruction	<u>\$ 30,211,218</u>	<u>\$ 44,839,684</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 1,073,652	\$ 1,067,146
Employee Benefits	78,949	142,032
	<u>\$ 1,152,601</u>	<u>\$ 1,209,178</u>
Guidance Services		
Employee Benefits	\$ -	\$ 1
Purchased Services	150,500	125,497
Supplies and Materials	10,000	4,441
	<u>\$ 160,500</u>	<u>\$ 129,939</u>
Health Services		
Salaries	\$ 383,924	\$ 431,323
Employee Benefits	51,609	72,891
Purchased Services	70,000	90,797
Supplies and Materials	-	16,322
	<u>\$ 505,533</u>	<u>\$ 611,333</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Psychological Services		
Salaries	\$ 403,495	\$ 441,926
Employee Benefits	22,854	48,811
Purchased Services	17,000	63,677
	<u>\$ 443,349</u>	<u>\$ 554,414</u>
Speech Pathology and Audiology Services		
Salaries	\$ 1,098,893	\$ 1,107,555
Employee Benefits	87,503	169,283
Purchased Services	12,500	9,675
	<u>\$ 1,198,896</u>	<u>\$ 1,286,513</u>
Other Support Services - Pupil		
Salaries	\$ 605,635	\$ 603,892
Employee Benefits	45,236	96,247
Purchased Services	-	87,000
	<u>\$ 650,871</u>	<u>\$ 787,139</u>
Total Support Services - Pupil	<u>\$ 4,111,750</u>	<u>\$ 4,578,516</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 864,490	\$ 619,608
Employee Benefits	413,269	175,002
Purchased Services	202,800	153,542
Supplies and Materials	63,000	22,739
Other Objects	11,000	8,294
	<u>\$ 1,554,559</u>	<u>\$ 979,185</u>
Educational Media Services		
Salaries	\$ 348,319	\$ 346,446
Employee Benefits	70,119	87,865
Purchased Services	128,955	72,649
Supplies and Materials	184,213	174,302
Non-Capitalized Equipment	-	5,460
	<u>\$ 731,606</u>	<u>\$ 686,722</u>
Assessment and Testing		
Supplies and Materials	\$ 18,720	\$ 16,701
	<u>\$ 18,720</u>	<u>\$ 16,701</u>
Total Support Services - Instructional Staff	<u>\$ 2,304,885</u>	<u>\$ 1,682,608</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 387,500	\$ 280,171
Supplies and Materials	-	360
Other Objects	-	12,578
	<u>\$ 387,500</u>	<u>\$ 293,109</u>
Executive Administration Services		
Salaries	\$ 199,032	\$ 206,687
Employee Benefits	62,523	52,650
Purchased Services	7,075	3,398
Supplies and Materials	300	3,946
Other Objects	-	2,457
	<u>\$ 268,930</u>	<u>\$ 269,138</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Special Area Administrative Services		
Purchased Services	\$ 1,200	\$ 22
	<u>\$ 1,200</u>	<u>\$ 22</u>
Total Support Services - General Administration	<u>\$ 657,630</u>	<u>\$ 562,269</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 2,035,554	\$ 1,938,207
Employee Benefits	1,268,106	551,819
Purchased Services	27,600	5,244
Supplies and Materials	27,520	11,533
Other Objects	15,650	18,311
	<u>\$ 3,374,430</u>	<u>\$ 2,525,114</u>
Total Support Services - School Administration	<u>\$ 3,374,430</u>	<u>\$ 2,525,114</u>
Business		
Direction of Business Support Services		
Salaries	\$ 154,500	\$ 157,471
Employee Benefits	74,372	46,612
Purchased Services	-	6,819
Supplies and Materials	-	10,677
Other Objects	-	354
	<u>\$ 228,872</u>	<u>\$ 221,933</u>
Fiscal Services		
Salaries	\$ 466,299	\$ 445,354
Employee Benefits	129,373	64,130
Purchased Services	25,000	55,854
Supplies and Materials	-	1,097
Other Objects	-	3,098
	<u>\$ 620,672</u>	<u>\$ 569,533</u>
Total Support Services - Business	<u>\$ 849,544</u>	<u>\$ 791,466</u>
Operations and Maintenance of Plant Services		
Purchased Services	\$ -	\$ 520
Total Support Services - Operations and Maintenance	<u>\$ -</u>	<u>\$ 520</u>
Pupil Transportation Services		
Salaries	\$ -	\$ 11,407
Employee Benefits	-	54
Purchased Services	-	2,568
Total Support Services - Transportation	<u>\$ -</u>	<u>\$ 14,029</u>
Food Services		
Salaries	\$ 35,000	\$ 120,722
Purchased Services	510,000	976,237
Supplies and Materials	125,000	17,069
Other Objects	6,000	11,465
Total Support Services - Food Services	<u>\$ 676,000</u>	<u>\$ 1,125,493</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Central		
Information Services		
Salaries	\$ 691,061	\$ 757,128
Employee Benefits	209,519	126,954
Purchased Services	673,000	535,320
Supplies and Materials	25,000	129,729
Other Objects	4,000	1,671
Non-Capitalized Equipment	610,000	560,796
	<u>\$ 2,212,580</u>	<u>\$ 2,111,598</u>
Staff Services		
Salaries	\$ 291,022	\$ 293,980
Employee Benefits	161,998	62,167
Purchased Services	216,500	154,105
Supplies and Materials	10,500	24,633
Other Objects	4,000	3,102
	<u>\$ 684,020</u>	<u>\$ 537,987</u>
Data Processing Services		
Purchased Services	\$ 10,000	\$ 49,122
	<u>\$ 10,000</u>	<u>\$ 49,122</u>
Total Support Services - Central	<u>\$ 2,906,600</u>	<u>\$ 2,698,707</u>
Other Support Services		
Salaries	\$ 98,525	\$ 98,343
Employee Benefits	49,723	24,794
Purchased Services	5,000	-
Total Support Services - Other Support Services	<u>\$ 153,248</u>	<u>\$ 123,137</u>
Total Support Services	<u>\$ 15,034,087</u>	<u>\$ 14,101,859</u>
Community Services		
Salaries	\$ -	\$ 47,255
Employee Benefits	-	349
Purchased Services	8,000	550
Supplies and Materials	-	2,754
Total Community Services	<u>\$ 8,000</u>	<u>\$ 50,908</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 600,000	\$ 518,770
	<u>\$ 600,000</u>	<u>\$ 518,770</u>
Other Payments to In-State Govt Units		
Purchased Services	\$ 358,000	\$ -
	<u>\$ 358,000</u>	<u>\$ -</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 958,000</u>	<u>\$ 518,770</u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Intergovernmental Payments (Continued)		
Payments to Other Districts and Governmental Units (Continued)		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 1,400,000	\$ 1,537,535
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,400,000</u>	<u>\$ 1,537,535</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 2,358,000</u>	<u>\$ 2,056,305</u>
Total Intergovernmental Payments	<u>\$ 2,358,000</u>	<u>\$ 2,056,305</u>
Capital Outlay		
Instruction		
Regular Programs	\$ -	\$ 367,573
Support Services		
Central	600,000	3,129
Total Capital Outlay	<u>\$ 600,000</u>	<u>\$ 370,702</u>
Total Expenditures	<u>\$ 48,211,305</u>	<u>\$ 61,419,458</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 640,882	\$ 2,434,367
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(889,577)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 640,882</u></u>	\$ 1,544,790
FUND BALANCE - JULY 1, 2021		16,530,839
PRIOR PERIOD ADJUSTMENT (Note 19)		<u>350,257</u>
FUND BALANCE - JUNE 30, 2022		<u><u>\$ 18,425,886</u></u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND - WORKING CASH FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 50,000	\$ 47,709
Earnings on Investments	25,000	67,793
Total Revenues	<u>\$ 75,000</u>	<u>\$ 115,502</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 75,000	\$ 115,502
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(3,000,000)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 75,000</u></u>	\$ (2,884,498)
FUND BALANCE - JULY 1, 2021		<u>19,112,983</u>
FUND BALANCE - JUNE 30, 2022		<u><u>\$ 16,228,485</u></u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
COMPUTATION OF OPERATING EXPENSE PER PUPIL
AND PER CAPITA TUITION CHARGE
YEAR ENDED JUNE 20, 2022

OPERATING EXPENSE PER PUPIL			
EXPENDITURES:			
ED	Total Expenditures	\$	46,964,241
O&M	Total Expenditures		3,936,645
DS	Total Expenditures		9,115,338
TR	Total Expenditures		4,134,779
MR/SS	Total Expenditures		1,629,299
TORT	Total Expenditures		478,272
	Total Expenditures	\$	66,258,574
LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:			
ED	Pre-K Programs	\$	566,262
ED	Special Education Programs Pre-K		192,145
ED	Summer School Programs		95,165
ED	Special Education Programs K-12 - Private Tuition		958,332
ED	Community Services		50,908
ED	Total Payments to Other Govt Units		2,056,305
ED	Capital Outlay		370,702
ED	Non-Capitalized Equipment		584,830
O&M	Capital Outlay		77,615
O&M	Non-Capitalized Equipment		163,354
DS	Debt Service - Payments of Principal on Long-Term Debt		2,344,114
MR/SS	Pre-K Programs		40,505
MR/SS	Special Education Programs - Pre-K		14,979
MR/SS	Summer School Programs		3,586
MR/SS	Community Services		8,902
MR/SS	Total Payments to Other Govt Units		83,147
	Total Deductions for OEPP Computation (Sum of Lines 18 - 95)	\$	7,610,851
	Total Operating Expenses Regular K-12 (Line 14 minus Line 96)		58,647,723
	9 Month ADA from District Average Daily Attendance-Student Information System (SIS) in IWAS-preliminary ASA 2020-2021		3,295.85
	Estimated OEPP (Line 77 divided by Line 78)	\$	17,794.42
PER CAPITA TUITION CHARGE			
LESS OFFSETTING RECEIPTS/REVENUES:			
TR	Regular -Transp Fees from Pupils or Parents (In State)	\$	20,047
ED	Total Food Service		8,312
ED-O&M	Total District/School Activity Income (without Student Activity Funds)		299,571
ED	Rentals - Regular Textbooks		345,801
ED-O&M	Rentals		12,515
ED	Other Local Fees (Describe & Itemize)		50,368
ED-O&M-TR	Total Special Education		369,011
ED	State Free Lunch & Breakfast		20,505
ED-O&M-TR-MR/SS	Total Transportation		1,143,384
O&M	School Infrastructure - Maintenance Projects		50,000
ED-O&M-DS-TR-MR/SS-Tort	Other Restricted Revenue from State Sources		514
ED-MR/SS	Total Food Service		1,339,915
ED-O&M-TR-MR/SS	Total Title I		161,067
ED-O&M-TR-MR/SS	Total Title IV		14,960
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through		895,492
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Room & Board		153,784
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLEP)		186,076
ED-O&M-TR-MR/SS	Title II - Teacher Quality		66,469
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach		225,694
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Fee-for-Service Program		78,504
ED-O&M-TR-MR/SS	Other Restricted Revenue from Federal Sources (Describe & Itemize)		883,977
ED-TR-MR/SS	Special Education Contributions from EBF Funds **		1,434,984
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds ***		349,447
	Total Deductions for PCTC Computation Line 104 through Line 193)	\$	8,110,397
	Net Operating Expense for Tuition Computation (Line 97 minus Line 195)		50,537,326
	Total Depreciation Allowance (from page 32, Line 18, Col I)		2,907,344
	Total Allowance for PCTC Computation (Line 196 plus Line 197)		53,444,670
	9 Month ADA from District Average Daily Attendance-Student Information System (SIS) in IWAS-preliminary ASA 2020-2021		3,295.85
	Total Estimated PCTC (Line 198 divided by Line 199)	\$	16,215.75

Unaudited

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Hawthorn School District No. 73
Vernon Hills, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited

Hawthorn School District No. 73'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 Hawthorn School District No. 73's major federal programs for the year ended June 30, 2022. Hawthorn School District No. 73's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 and 2022-002. 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 3, 2022

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
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 ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				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 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 (F)	Year 7/1/21-6/30/22 Pass through to Subrecipients			
CHILD NUTRITION CLUSTER											
US Department of Agriculture											
Passed Through Department of Defense:											
Food Donations Program (Non-Cash Commodities) (M)	10.555	22-4299-00		47,560			47,560			47,560	N/A
Passed Through Illinois State Board of Education:											
Food Donations Program (Non-Cash Commodities) (M)	10.555	22-4299-00		73,705			73,705			73,705	N/A
National School Lunch Program * (M)	10.555	21-4210-00		144,671			144,671			144,671	N/A
COVID-19 ARP National School Lunch Program * (M)	10.555	21-4210-BT		614			614			614	N/A
COVID-19 CRRSA National School Lunch Program * (M)	10.555	21-4210-SN		42,978			42,978			42,978	N/A
National School Lunch Program * (M)	10.555	22-4210-00		861,553			1,018,079			1,018,079	N/A
COVID-19 ARP Nutrition Supply Chain Assistance * (M)	10.555	22-4210-SC		68,906			68,906			68,906	N/A
Subtotal CFDA 10.555			0	1,239,987	0	0	1,396,513	0	0	1,396,513	
School Breakfast Program * (M)	10.553	21-4220-00		10,761			10,761			10,761	N/A
School Breakfast Program * (M)	10.553	22-4220-00		80,350			96,840			96,840	N/A
Subtotal CFDA 10.553			0	91,111	0	0	107,601	0	0	107,601	
Summer Food Service Program * (M)	10.559	21-4225-00	513,244	130,083	534,192		109,135			643,327	N/A
Subtotal CFDA 10.559			513,244	130,083	534,192	0	109,135	0	0	643,327	
Total Child Nutrition Cluster			513,244	1,461,181	534,192	0	1,613,249	0	0	2,147,441	
Subtotal CFDA "10"			513,244	1,461,181	534,192	0	1,613,249	0	0	2,147,441	

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
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 ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				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 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 (F)	Year 7/1/21-6/30/22 Pass through to Subrecipients			
Federal Communications Commission											
COVID-19 Emergency Connectivity Fund Program (M)	32.009	22-4998-00		0			267,053			267,053	N/A
Subtotal CFDA "32"			0	0	0	0	267,053	0	0	267,053	
US Department of Education											
Passed Through Illinois State Board of Education:											
SPECIAL EDUCATION CLUSTER											
Special Education - IDEA Flow Through	84.027	21-4620-00	296,412	339,811	636,223					636,223	809,640
Special Education - IDEA Room & Board **	84.027	21-4625-00	83,973	67,138	83,973		67,138			151,111	N/A
Special Education - IDEA Flow Through	84.027	22-4620-00		537,631			816,000			816,000	1,084,031
COVID-19 ARP IDEA Flow Through	84.027	22-4620-EI		18,050			18,050			18,050	63,000
Special Education - IDEA Room & Board **	84.027	22-4625-00		86,646			86,646			86,646	N/A
Subtotal CFDA 84.027			380,385	1,049,276	720,196	0	987,834	0	0	1,708,030	
										0	
Special Education - Preschool IDEA Flow Through	84.173	21-4600-00	19,145	8,190	27,335					27,335	29,760
Special Education - Preschool IDEA Flow Through	84.173	22-4600-00		17,016			22,367			22,367	26,585
Subtotal CFDA 84.173			19,145	25,206	27,335	0	22,367	0	0	49,702	
Total Special Education Cluster			399,530	1,074,482	747,531	0	1,010,201	0	0	1,757,732	
Title I - Low Income	84.010	21-4300-00	102,742	53,648	156,390					156,390	371,100
Title I - Low Income	84.010	22-4300-00		107,419			181,281			181,281	512,430
Subtotal CFDA 84.010			102,742	161,067	156,390	0	181,281	0	0	337,671	

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
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 ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				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 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 (F)	Year 7/1/21-6/30/22 Pass through to Subrecipients			
Title IVA - Student Support & Academic Enrich **	84.424	21-4400-00		4,513			4,513			4,513	45,230
Title IVA - Student Support & Academic Enrich	84.424	22-4400-00		10,447			32,149			32,149	44,238
Subtotal CFDA 84.424			0	14,960	0	0	36,662	0	0	36,662	
Title III - Lang Inst Prog - Limited Eng (LIPLP) **	84.365	21-4909-00	12,762	62,474	14,112		61,124			75,236	133,113
Title III - Lang Inst Prog - Limited Eng (LIPLP) **	84.365	21-4909-PD		23,913			23,913			23,913	25,000
Title III - Lang Inst Prog - Limited Eng (LIPLP) **	84.365	22-4909-00		99,689			118,302			118,302	128,597
Subtotal CFDA 84.365			12,762	186,076	14,112	0	203,339	0	0	217,451	
Title II - Teacher Quality **	84.367	21-4932-00	10,400	22,802	20,800		12,402			33,202	66,368
Title II - Teacher Quality	84.367	22-4932-00		43,667			57,925			57,925	98,077
Subtotal CFDA 84.367			10,400	66,469	20,800	0	70,327	0	0	91,127	
COVID-19 Elementary and Secondary Emergency Relief Fund (M)	84.425D	21-4998-E2		777,800			951,283			951,283	956,695
COVID-19 ARP – LEA and COOP American Rescue Plan (M)	84.425U	22-4998-E3		106,177			385,901			385,901	2,277,056
COVID-19 ARP - Homeless Children and Youth Grant (M)	84.425W	22-4998-HL		0			9,552			9,552	9,552
COVID-19 GEER II - Jumpstart Kindergarten (M)	84.425C	22-4998-JK		0			3,912			3,912	40,875
Subtotal CFDA 84.425			0	883,977	0	0	1,350,648	0	0	1,350,648	
Subtotal CFDA "84"			525,434	2,387,031	938,833	0	2,852,458	0	0	3,791,291	
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	21,508	53,445	74,953					74,953	N/A
Medicaid Administrative Outreach	93.778	22-4991-00		172,249			234,550			234,550	N/A
Subtotal CFDA 93.778			21,508	225,694	74,953	0	234,550	0	0	309,503	

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
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 ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				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 7/1/20-6/30/21 Pass through to Subrecipients	Year 7/1/21-6/30/22 (F)	Year 7/1/21-6/30/22 Pass through to Subrecipients			
Total Medicaid Cluster			21,508	225,694	74,953	0	234,550	0	0	309,503	
Subtotal CFDA "93"			21,508	225,694	74,953	0	234,550	0	0	309,503	
Total Federal Assistance			1,060,186	4,073,906	1,547,978	0	4,967,310	0	0	6,515,288	
* Project End 9/30											
** Project End 8/31											

• **(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.

¹ 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.

² 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.

³ 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)

⁴ 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.

HAWTHORN SCHOOL DISTRICT NO. 73
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 Hawthorn School District No. 73 under programs of the federal government for the year ended June 30, 2022. 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 SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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 is the recipient of federally donated PPE. The fair market value of the PPE at the time of receipt was \$100.

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

- 1) Summary of auditor's results:
 - a) The auditor's report expresses a qualified opinion on whether the financial statements of Hawthorn School District No. 73 were prepared in accordance with GAAP.
 - b) No significant deficiencies are reported during the audit of the financial statements. No material weaknesses are reported.
 - c) No instances of noncompliance material to the financial statements of Hawthorn School District No. 73, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
 - d) No deficiencies in internal control over major federal awards, disclosed during the audit, are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses in internal control over major federal award programs are reported.
 - e) The auditor's report on compliance for the major federal award programs for Hawthorn School District No. 73 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: Child Nutrition Cluster, CFDA #10.553, #10.555 and #10.559; COVID-19 Elementary and Secondary School Emergency Relief (ESSER), CFDA #84.425D, #84.425U, #84.425W, and #84.425C; and COVID-19 Emergency Connectivity Fund Program, CFDA #32.009.
 - h) The threshold used for distinguishing between Type A and B programs was \$750,000.
 - i) Hawthorn School District No. 73 was determined to not be a low-risk auditee.
- 2) There were no findings related to the financial statements which are required to be reported.
- 3) Findings relating to federal awards which is required to be reported is detailed in finding numbers 2022-001 and 2022-002.

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2022 - N/A 2. THIS FINDING IS: ☐ New ☐ Repeat from Prior Year?
Year originally reported? _____

3. Criteria or specific requirement

4. Condition

5. Context¹²

6. Effect

7. Cause

8. Recommendation

9. Management's response¹³

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.

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2022 - 001** 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____ Child Nutrition Cluster

4. Project No.: **4210-00, 4210-BT, 4210-SN, 4210-SC,**
4220-00, 4225-00 5. CFDA No.: **10.555, 10.553, 10.559**

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

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

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
Management is responsible for ensuring that the 3% verification of applications is submitted timely.

9. Condition¹⁵
During the course of the audit, we determined that the 3% verification of applications was submitted after the due date.

10. Questioned Costs¹⁶
None

11. Context¹⁷
3% verification of applications was submitted late.

12. Effect
3% verification of applications was received by funding agencies after the required due date.

13. Cause
Due to oversight by the District 3% verification of applications was not submitted to the funding agencies by the due dates.

14. Recommendation
Management should develop a process to ensure 3% verification of applications is filed by the required due date.

15. Management's response¹⁸
Management will review and implement procedures to ensure the 3% verification of applications form is submitted timely.

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.

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2022 - 002** 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____ Child Nutrition Cluster

4. Project No.: **4210-00, 4210-BT, 4210-SN, 4210-SC,**
4220-00, 4225-00 5. CFDA No.: **10.555, 10.553, 10.559**

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

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

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
Management is responsible for ensuring that the correct meal counts are used on the claims report.

9. Condition¹⁵
During the course of the audit, we determined that the incorrect meal count was used for claiming meal reimbursements for one month.

10. Questioned Costs¹⁶
Questioned costs due to the District using the incorrect meal count was estimated to be \$3,577 based on known questioned cost identified during the audit.

11. Context¹⁷
National School Lunch income was not properly calculated. The meal count used for claiming meals was incorrectly determined for February 2022.

12. Effect
More meals were reimbursed than the District had served.

13. Cause
District mistakenly entered the wrong meal counts for two of the school buildings.

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

15. Management's response¹⁸
This appears to be an isolated incident. Management plans to submit corrections for that specific month.

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.

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
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
None		

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.



CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2022

Corrective Action Plan

Finding No.: 2022-001

Condition:

During the course of the audit, we determined that the 3% verification of applications was submitted after the due date.

Plan:

Management will review and implement procedures to ensure the 3% verification of applications form is submitted timely.

Anticipated Date of Completion: 6/30/2023

Name of Contact Person: LeeAnn Taylor, Assistant Superintendent of Finance & Business Operations

Management Response: N/A



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 the audit, we determined that the incorrect meal count was used for claiming meal reimbursements.

Plan:

This appears to be an isolated incident. Management plans to submit corrections for that specific month.

Anticipated Date of Completion: 6/30/2023

Name of Contact Person: LeeAnn Taylor, Assistant Superintendent of Finance & Business Operations

Management Response: N/A