



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

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

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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 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, 2023, 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, 2023, 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, during the year the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hawthorn School District No. 73's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

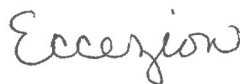
Supplementary Information

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, 2023 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawthorn School District No. 73's internal control over financial reporting and compliance.



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McHenry, Illinois
October 3, 2023



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

To the Board of Education
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, 2023, 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, 2023. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

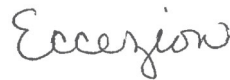
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 2023-001, 2023-002 and 2023-003.

Purpose of this Report

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



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McHenry, Illinois
October 3, 2023

SUPPLEMENTAL INFORMATION

HAWTHORN SCHOOL DISTRICT NO. 73
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023. 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 \$81,697,605 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, 2023 and 2022:

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

	Governmental Activities	
	FY 2023	FY 2022
Assets		
Current and Other Assets	\$ 62,093,816	\$ 66,752,035
Capital Assets	99,940,334	91,113,749
Total Assets	\$ 162,034,150	\$ 157,865,784
Deferred Outflows of Resources	\$ 1,069,770	\$ 2,554,163
Liabilities		
Long-Term Liabilities Outstanding	\$ 81,260,362	\$ 83,979,071
Other Liabilities	145,953	138,321
Total Liabilities	\$ 81,406,315	\$ 84,117,392
Net Position		
Net Investment in Capital Assets	\$ 20,655,671	\$ 22,072,871
Restricted	6,196,405	20,595,869
Unrestricted	54,845,529	33,633,815
Total Net Position	\$ 81,697,605	\$ 76,302,555

The net investment in capital assets (25% 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 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (67%) 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 increased by \$5,395,050.

Governmental Activities

Governmental activities increased the District's net position by \$5,395,050. Key elements of this increase are as follows:

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

	Governmental Activities	
	FY 2023	FY 2022
Revenues:		
Program Revenues		
Charges for Services	\$ 975,292	\$ 1,168,286
Operating Grants and Contributions	22,575,426	20,404,427
General Revenues:		
Property Taxes	58,831,249	53,180,669
Other Taxes	1,164,799	1,030,528
Grants and Contributions not Restricted to Specific Activities	4,441,171	4,353,136
Unrestricted Investment Earnings	1,261,258	261,139
Other	546,844	717,696
Total Revenues	<u>\$ 89,796,039</u>	<u>\$ 81,115,881</u>
Expenses:		
Instruction	\$ 45,320,421	\$ 46,146,955
Support Services	25,635,497	23,380,104
Community Services	117,897	59,810
Intergovernmental Payments	2,276,986	2,139,452
Debt Services	7,852,325	8,687,240
Depreciation - Unallocated	3,197,863	2,823,278
Total Expenses	<u>\$ 84,400,989</u>	<u>\$ 83,236,839</u>
Increase/(Decrease) in Net Position	\$ 5,395,050	\$ (2,120,958)
Net Position - Beginning	76,302,555	78,423,513
Net Position - Ending	<u>\$ 81,697,605</u>	<u>\$ 76,302,555</u>

Total revenues increased year-to-year primarily due to increased property tax and operating grants. The property tax increase was due to the timing of payments. Less was received from the 2021 levy before year-end in the prior year compared to amounts received from the 2022 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, 2023, the District's funds reported combined ending fund balances of \$61,947,863, a decrease of \$4,665,851 in comparison with the prior year.

The General Fund is the chief operating fund of the District. At June 30, 2023, fund balance was \$40,287,868 (\$40,136,129 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 represents 64% of total General Fund expenditures and total fund balance represents 65% of total General Fund expenditures.

The General Fund's fund balance increased \$5,633,497 and includes an outgoing transfer of \$544,381 to the Debt Services Fund. Fund balance in the current year increased due to a significant increase 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 \$893,501 in comparison with the prior year. The decrease primarily was due to a transfer of \$1,000,000 to the Capital Projects Fund in the current year.

The Debt Services Fund's fund balance decreased \$106,988 in comparison to prior year and includes an incoming transfer of \$544,381 from the General Fund. The decrease is due to planned debt service payments from fund balance reserves.

The Transportation Fund's fund balance decreased \$2,054,936 in comparison with the prior year. The decrease is primarily due to a decrease in property tax receipts in comparison to the prior year. There was an increase in transportation costs in the current year.

The Illinois Municipal Retirement/Social Security Fund's fund balance increased \$1,803,498 in comparison with the prior year. This increase was due to a large increase in property tax receipts in comparison to the prior year, this was planned based on levy allocations.

The Capital Projects Fund's fund balance decreased \$9,156,505 and includes an incoming transfer of \$1,000,000 from the Operations and Maintenance Fund. This decrease was due to increased capital outlay expenses in comparison to the prior year, which was due to planned capital projects.

The Tort Fund's fund balance increased \$109,084 in comparison with the prior year. Fund balance increased in the current year due to an increase in property tax receipts.

General Fund Budgetary Highlights

The budget was not amended during the year ended June 30, 2023; 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 \$17,887,699 (favorable) and was due to state retirement contributions that were not budgeted for and property taxes and federal food service revenue that were higher than anticipated.
- The difference between budgeted expenditures and actual expenditures was \$12,874,562 (unfavorable) and was due to state retirement contributions that were not budgeted for.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had invested \$99,940,334 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 \$3,212,510.

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

- Townline Elementary parking lot for \$512,357
- Elementary South playground equipment for \$513,202
- Purchase of two Ford F250s for \$111,663

- Construction in Progress which consists of Elementary South, Middle School South, Aspen Elementary, District Office, Elementary North, Townline Elementary, District AV, and Dual Language School Projects for \$10,859,731

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

	Governmental Activities	
	FY 2023	FY 2022
Land	\$ 1,480,528	\$ 1,480,528
Construction in Progress	20,863,031	9,987,700
Buildings	64,390,288	66,546,894
Improvements Other than Buildings	10,658,898	10,227,662
Equipment Other than Transportation/Food Service	2,444,481	2,864,873
Transportation Equipment	100,496	2,899
Food Service Equipment	2,612	3,193
Total	<u>\$ 99,940,334</u>	<u>\$ 91,113,749</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, 2023, the District had \$81,260,362 in long-term debt.

Hawthorn School District No. 73's Outstanding Debt

	Governmental Activities	
	FY 2023	FY 2022
General Obligation Bonds	\$ 64,737,311	\$ 66,571,132
General Obligation Refunding Bonds	12,180,000	12,180,000
Lease/Purchase Agreements	-	537,999
Unamortized Bond Premium	4,382,635	4,738,321
Unamortized Bond Discount	(39,584)	(48,381)
Total	<u>\$ 81,260,362</u>	<u>\$ 83,979,071</u>

Significant debt activity for the year ended June 30, 2023 was as follows:

- Principal payments on all debt were \$2,371,820.

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

The District has seen a slight decline in population. It is anticipated that district enrollment will be approximately 3500 students for the 23-24 school year.

The Board considered these factors in preparing the District's budget for fiscal year 2024:

- At the state level, the District continues to be categorized as a Tier III district, with a 93% funding adequacy level. At this time, the budgeted revenue for EBF will remain relatively flat.
- The District expects to receive and spend the final allocations from Elementary and Secondary School Emergency Relief Fund during FY24. Overall Federal revenue allocations are now returning to pre-pandemic levels without this extra support.
- The FY24 budget for salaries and benefits increased by 7% from the overall FY23 spend. The implementation of the seven-hour school day includes a longer work day/increased total compensation for support staff day. In addition, the Board approved a staffing plan that included 12 additional licensed FTE.

- The District entered into a transportation contract extension for the 23-24 school year. Due to market conditions, the extension yielded a 14% increase for special ed and regular routes and a 10% increase for charters.
- On an annual basis the District pays down existing bond debt. This year \$8 million is estimated to be the amount due.
- The final phase of construction was funded by the 2018 referendum and began in the Spring of 2023 at Elementary North, with a majority of it incurred in this fiscal year.

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, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 28,354,072
Investments	33,738,437
Other Receivable	1,307
Capital Assets:	
Land	1,480,528
Construction in Progress	20,863,031
Depreciable Buildings, Property, and Equipment, net of depreciation	<u>77,596,775</u>
Total Assets	<u><u>\$ 162,034,150</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Charge on Bond Refunding	<u>\$ 1,069,770</u>
Total Deferred Outflows of Resources	<u><u>\$ 1,069,770</u></u>
 LIABILITIES	
Payroll Liabilities	\$ 145,605
Payable to Other Governments	348
Long-Term Liabilities	
Due Within One Year	1,869,200
Due in More Than One Year	<u>79,391,162</u>
Total Liabilities	<u><u>\$ 81,406,315</u></u>
 NET POSITION	
Net Investment in Capital Assets	\$ 20,655,671
Restricted for:	
Debt Service	4,539,585
Transportation	154,239
Retirement	1,300,842
Capital Projects	50,000
Student Activity Funds	151,739
Unrestricted/(Deficit)	<u>54,845,529</u>
 Total Net Position	<u><u>\$ 81,697,605</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, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs	Expenses			
Governmental Activities				
Instruction				
Regular Programs	\$ 19,336,359	\$ 180,803	\$ 2,000,699	\$ (17,154,857)
Pre-K Programs	582,243	-	-	(582,243)
Special Education Programs	6,676,285	106,693	763,732	(5,805,860)
Special Education Programs Pre-K	213,510	-	-	(213,510)
Other Instructional Programs	3,273,597	170,334	-	(3,103,263)
Student Activity Fund	121,304	102,014	-	(19,290)
State Retirement Contributions	15,117,123	-	15,117,123	-
Support Services				
Pupil	4,717,817	-	317,815	(4,400,002)
Instructional Staff	2,439,767	-	303,936	(2,135,831)
General Administration	1,183,683	-	1,242	(1,182,441)
School Administration	3,208,841	-	-	(3,208,841)
Business	841,900	-	-	(841,900)
Facilities Acquisition and Construction Services	101,458	-	734,614	633,156
Operations and Maintenance	4,150,697	19,373	336,032	(3,795,292)
Transportation	4,922,567	24,327	1,630,825	(3,267,415)
Food Services	1,007,385	371,748	892,412	256,775
Central	2,928,591	-	5,409	(2,923,182)
Other Support Services	132,791	-	-	(132,791)
Community Services	117,897	-	13,489	(104,408)
Debt Services				
Interest and Fees	7,852,325	-	-	(7,852,325)
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	2,276,986	-	458,098	(1,818,888)
Depreciation Unallocated	3,197,863	-	-	(3,197,863)
Total Governmental Activities	<u>\$ 84,400,989</u>	<u>\$ 975,292</u>	<u>\$ 22,575,426</u>	<u>\$ (60,850,271)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				\$ 50,476,962
Property Taxes, Levied for Debt Service				8,354,287
Personal Property Replacement Taxes				1,164,799
Grants and Contributions not Restricted to Specific Activities				4,441,171
Unrestricted Investment Earnings				1,261,258
Miscellaneous Income				546,844
Total General Revenues				<u>\$ 66,245,321</u>
Change in Net Position				\$ 5,395,050
Net Position - July 1, 2022				<u>76,302,555</u>
Net Position - June 30, 2023				<u><u>\$ 81,697,605</u></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, 2023

	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	\$ 18,464,389	\$ 1,538,595	\$ 2,223,887	\$ 479,203	\$ 591,694	\$ 5,056,304	\$ -	\$ 28,354,072
Investments	21,907,412	1,840,621	2,660,436	573,271	707,843	6,048,854	-	33,738,437
Other Receivable	-	-	-	-	1,307	-	-	1,307
Interfund Receivables (Cash Overdraft)	61,992	-	-	-	-	-	-	61,992
Total Assets	\$ 40,433,793	\$ 3,379,216	\$ 4,884,323	\$ 1,052,474	\$ 1,300,844	\$ 11,105,158	\$ -	\$ 62,155,808
LIABILITIES								
Current Liabilities								
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,992	\$ 61,992
Payroll Liabilities	145,605	-	-	-	-	-	-	145,605
Payable to Other Governments	320	28	-	-	-	-	-	348
Total Current Liabilities	\$ 145,925	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 61,992	\$ 207,945
Total Liabilities	\$ 145,925	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 61,992	\$ 207,945
FUND BALANCE								
Restricted								
Debt Service	\$ -	\$ -	\$ 4,539,585	\$ -	\$ -	\$ -	\$ -	\$ 4,539,585
Transportation	-	-	-	154,239	-	-	-	154,239
Illinois Municipal Retirement Fund	-	-	-	-	866,100	-	-	866,100
Social Security	-	-	-	-	434,742	-	-	434,742
Capital Projects	-	-	-	-	-	955,929	-	955,929
Student Activity Funds	151,739	-	-	-	-	-	-	151,739
Assigned								
Operations and Maintenance	-	3,379,188	-	-	-	-	-	3,379,188
Debt Service	-	-	344,738	-	-	-	-	344,738
Transportation	-	-	-	898,235	-	-	-	898,235
Illinois Municipal Retirement Fund	-	-	-	-	2	-	-	2
Capital Projects	-	-	-	-	-	10,149,229	-	10,149,229
Unassigned	40,136,129	-	-	-	-	-	(61,992)	40,074,137
Total Fund Balance	\$ 40,287,868	\$ 3,379,188	\$ 4,884,323	\$ 1,052,474	\$ 1,300,844	\$ 11,105,158	\$ (61,992)	\$ 61,947,863
Total Liabilities and Fund Balance	\$ 40,433,793	\$ 3,379,216	\$ 4,884,323	\$ 1,052,474	\$ 1,300,844	\$ 11,105,158	\$ -	\$ 62,155,808

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, 2023

Total Fund Balances - Governmental Funds	\$	61,947,863
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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	\$	147,953,742	
Accumulated Depreciation on Capital Assets		<u>(48,013,408)</u>	
			99,940,334

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	\$	1,069,770	
Bond Premiums, net of amortization		(4,382,635)	
Bond Discount, net of amortization		<u>39,584</u>	
			(3,273,281)

Some liabilities are not due and payable in the current period and therefore
are not reported in the funds.

Bonds Payable		<u>(76,917,311)</u>	
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Net Position of Governmental Activities	\$	<u><u>81,697,605</u></u>
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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, 2023

	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	\$ 42,011,888	\$ 3,576,927	\$ 8,354,287	\$ 1,038,272	\$ 3,271,657	\$ -	\$ 578,218	\$ 58,831,249
Payments in Lieu of Taxes	-	1,164,799	-	-	-	-	-	1,164,799
Tuition	181,537	-	-	-	-	-	-	181,537
Transportation Fees	-	-	-	24,327	-	-	-	24,327
Earnings on Investments	578,845	68,225	80,985	50,419	2	482,782	-	1,261,258
Food Services	371,748	-	-	-	-	-	-	371,748
District/School Activity Income	216,540	-	-	-	-	-	-	216,540
Textbooks	161,767	-	-	-	-	-	-	161,767
Other Local Sources	356,335	235,935	-	3,947	-	-	-	596,217
State Aid	5,374,890	-	-	1,617,073	-	50,000	-	7,041,963
Federal Aid	4,038,697	-	-	-	-	788,814	-	4,827,511
State Retirement Contributions	15,117,123	-	-	-	-	-	-	15,117,123
Total Revenues	\$ 68,409,370	\$ 5,045,886	\$ 8,435,272	\$ 2,734,038	\$ 3,271,659	\$ 1,321,596	\$ 578,218	\$ 89,796,039
EXPENDITURES								
Current								
Instruction								
Regular Programs	\$ 18,973,345	\$ -	\$ -	\$ -	\$ 209,158	\$ -	\$ -	\$ 19,182,503
Pre-K Programs	540,347	-	-	-	41,896	-	-	582,243
Special Education Programs	6,353,361	-	-	-	322,924	-	-	6,676,285
Special Education Programs Pre-K	201,573	-	-	-	11,937	-	-	213,510
Other Instructional Programs	3,198,424	-	-	-	75,173	-	-	3,273,597
Student Activity Fund	121,304	-	-	-	-	-	-	121,304
State Retirement Contributions	15,117,123	-	-	-	-	-	-	15,117,123
Support Services								
Pupil	4,627,206	-	-	-	90,611	-	-	4,717,817
Instructional Staff	2,388,427	-	-	-	51,340	-	-	2,439,767
General Administration	708,860	-	-	-	5,689	-	469,134	1,183,683
School Administration	3,060,444	-	-	-	148,397	-	-	3,208,841
Business	759,681	-	-	-	82,219	-	-	841,900
Facilities Acquisition and Construction Services	-	62,687	-	-	-	38,771	-	101,458
Operations and Maintenance	480	4,034,142	-	-	116,075	-	-	4,150,697
Transportation	114,951	-	-	4,788,974	4,576	-	-	4,908,501
Food Services	993,007	-	-	-	13,797	-	-	1,006,804
Central	2,745,335	-	-	-	183,256	-	-	2,928,591
Other Support Services	115,708	-	-	-	17,083	-	-	132,791
Community Services	105,434	-	-	-	12,463	-	-	117,897
Debt Services								
Principal	-	-	2,371,820	-	-	-	-	2,371,820
Interest and Fees	-	-	6,714,821	-	-	-	-	6,714,821
Capital Outlay	47,615	706,006	-	-	-	11,439,330	-	12,192,951
Intergovernmental Payments								
Payments to Other Districts and Governmental Units	2,058,867	136,552	-	-	81,567	-	-	2,276,986
Total Expenditures	\$ 62,231,492	\$ 4,939,387	\$ 9,086,641	\$ 4,788,974	\$ 1,468,161	\$ 11,478,101	\$ 469,134	\$ 94,461,890

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, 2023

	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	\$ 6,177,878	\$ 106,499	\$ (651,369)	\$ (2,054,936)	\$ 1,803,498	\$ (10,156,505)	\$ 109,084	\$ (4,665,851)
OTHER FINANCING SOURCES (USES)								
Interfund Transfers	(544,381)	(1,000,000)	544,381	-	-	1,000,000	-	-
NET CHANGE IN FUND BALANCES	\$ 5,633,497	\$ (893,501)	\$ (106,988)	\$ (2,054,936)	\$ 1,803,498	\$ (9,156,505)	\$ 109,084	\$ (4,665,851)
FUND BALANCE - JULY 1, 2022	34,654,371	4,272,689	4,991,311	3,107,410	(502,654)	20,261,663	(171,076)	66,613,714
FUND BALANCE - JUNE 30, 2023	<u>\$ 40,287,868</u>	<u>\$ 3,379,188</u>	<u>\$ 4,884,323</u>	<u>\$ 1,052,474</u>	<u>\$ 1,300,844</u>	<u>\$ 11,105,158</u>	<u>\$ (61,992)</u>	<u>\$ 61,947,863</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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (4,665,851)
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Amounts reported for governmental activities in the Statement of Activities - Modified 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	\$ (3,212,510)	
Capital Outlays	<u>12,192,951</u>	8,980,441

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	(153,856)
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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	\$ (1,484,393)	
Amortization on Bond Discounts	(8,797)	
Amortization of Bond Premiums	<u>355,686</u>	(1,137,504)

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>2,371,820</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 5,395,050</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, 2023

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.

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

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 8, 2022. 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.

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 – Modified Cash Basis and Statement of Net Position – Modified Cash Basis 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:

- 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

- 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 2022 tax levy was passed by the Board on December 15, 2022. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for 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.

O. Leases Arrangements

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

At the commencement of a lease or subscription-based IT agreement, the District initially measures the right-to-use liability at the present value of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the principal portion payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the term of the lease or subscription-based IT agreement. Key estimates and judgments related to leases or subscription-based IT agreements include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases or subscription-based IT agreements.

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

The District monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with Capital Assets and right-to-use liabilities are reported with Long Term Liabilities on the Statement of Net Position – Modified Cash Basis.

NOTE 2 - DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENT

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

Deposits

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

Investments and Fair Value Measurement

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

Types of Investment	Credit Quality/ Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using		Net Asset Value (NAV)
				Level 1	Level 2	
U.S. Treasury Securities	Not Rated	less than 1 year	\$ 20,221,984	\$ 20,221,984	\$ -	\$ -
State Investment Pool	AAAm	less than 1 year	19,956,828	-	-	19,956,828
Certificates of Deposit	N/A	less than 1 year	9,656,450	-	9,656,450	-
Total Investments			<u>\$ 49,835,262</u>	<u>\$ 20,221,984</u>	<u>\$ 9,656,450</u>	<u>\$ 19,956,828</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

The fair value of investments in the State Investment Pools is the same as the value of pool shares (NAV). 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.

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, 2023 was as follows:

	Balance January 0, 1900	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 1,480,528	\$ -	\$ -	\$ 1,480,528
Construction in Progress	9,987,700	10,875,331	-	20,863,031
Total Capital Assets not being depreciated	\$ 11,468,228	\$ 10,875,331	\$ -	\$ 22,343,559
Other Capital Assets				
Buildings	\$ 107,926,415	\$ -	\$ -	\$ 107,926,415
Improvements Other than Buildings	12,358,881	1,025,559	-	13,384,440
Equipment Other than Transportation/ Food Service	4,792,672	180,398	968,371	4,004,699
Transportation Equipment	189,444	111,663	12,286	288,821
Food Service Equipment	5,808	-	-	5,808
Total Other Capital Assets at Historical Cost	\$ 125,273,220	\$ 1,317,620	\$ 980,657	\$ 125,610,183
Less Accumulated Depreciation for				
Buildings	\$ 41,379,521	\$ 2,156,606	\$ -	\$ 43,536,127
Improvements Other than Buildings	2,131,219	594,323	-	2,725,542
Equipment Other than Transportation/ Food Service	1,927,799	446,934	814,515	1,560,218
Transportation Equipment	186,545	14,066	12,286	188,325
Food Service Equipment	2,615	581	-	3,196
Total Accumulated Depreciation	\$ 45,627,699	\$ 3,212,510	\$ 826,801	\$ 48,013,408
Other Capital Assets, Net	\$ 79,645,521	\$ (1,894,890)	\$ 153,856	\$ 77,596,775
Governmental Activities Capital Assets, Net	\$ 91,113,749	\$ 8,980,441	\$ 153,856	\$ 99,940,334

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Unallocated	\$ 3,197,863
Support Services - Transportation Equipment	14,066
Support Services - Food Service	581
Total Governmental Activities Depreciation Expense	\$ 3,212,510

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance #####	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 66,571,132	\$ -	\$ 1,833,821	\$ 64,737,311	\$ 1,522,311
General Obligation Refunding Bonds	12,180,000	-	-	12,180,000	-
Unamortized Bond Premium	4,738,321	-	355,686	4,382,635	355,686
Unamortized Bond Discount	(48,381)	-	(8,797)	(39,584)	(8,797)
Purchase Agreements	537,999	-	537,999	-	-
Total Bonds and Notes Payable	\$ 83,979,071	\$ -	\$ 2,718,709	\$ 81,260,362	\$ 1,869,200
Total Governmental Activities					
Long-Term Liabilities	\$ 83,979,071	\$ -	\$ 2,718,709	\$ 81,260,362	\$ 1,869,200

Bonds and notes payable consisted of the following at June 30, 2023:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
General Obligation Bonds				
Dated 2/9/2004	12/1/2023	9.00%	\$ 7,439,111	\$ 747,311
Dated 10/4/2018	1/1/2030	2.00% - 4.00%	6,240,000	4,290,000
Dated 2/6/2019	1/1/2034	4.00% - 5.00%	26,250,000	26,250,000
Dated 1/9/2020	1/1/2038	3.00% - 4.00%	19,140,000	18,710,000
Dated 12/21/2021	12/1/2040	4.00%	14,740,000	14,740,000
General Obligation Refunding Bonds				
Dated 2/6/2019	1/1/2028	3.23% - 3.53%	12,180,000	12,180,000
Purchase Agreements				
Dated 07/01/2020	7/1/2023	2.06%	772,959	-
Dated 07/01/2021	7/1/2023	0.69%	1,026,933	-

At June 30, 2023, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,522,311	\$ 6,429,477	\$ 7,951,788
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	4,735,000	2,372,073	7,107,073
2029-2033	22,760,000	8,532,710	31,292,710
2034-2038	18,770,000	4,006,460	22,776,460
2039-2041	14,740,000	425,932	15,165,932
	<u>\$ 76,917,311</u>	<u>\$ 29,877,442</u>	<u>\$ 106,794,753</u>

All debt is liquidated by the Debt Services Fund.

NOTE 5 - INTERFUND LOANS

There are no interfund loans at June 30, 2023.

NOTE 6 - NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital asset calculation as of June 30, 2023 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental Activities

Capital Assets, Net of Accumulated Depreciation	\$	99,940,334
Less: Capital Related Debt		(81,260,362)
Plus: Deferred Loss on Refunding		1,069,770
Plus: Unspent Debt Proceeds		905,929
Investment in Capital Assets	\$	<u>20,655,671</u>

NOTE 7 - DEFICIT FUND BALANCE

As of June 30, 2023 the following fund had a deficit fund balance:

	June 30, 2023
	<u>Fund Balance</u>
Tort Fund	<u>\$ (61,992)</u>

NOTE 8 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2022 levy (\$28,157,259) and 2021 and prior levies (\$30,673,990). A summary of the assessed valuations and extensions for tax years 2022, 2021, and 2020 is as follows:

	0		0		0	
Assessed Valuation	\$1,453,073,130		\$1,419,092,547		\$1,411,831,937	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	2.8186	\$ 40,956,755	2.7461	\$ 38,970,211	2.8375	\$ 40,060,477
Special Education	0.0308	447,343	0.0296	419,299	0.0296	418,326
Tort Immunity	0.0513	745,572	0.0278	394,650	-	-
Operations and Maintenance	0.2463	3,578,745	0.2364	3,354,408	0.2440	3,445,011
Debt Service	0.5527	8,031,309	0.5721	8,118,614	0.5740	8,104,099
Transportation	0.0708	1,028,892	0.0695	986,596	0.1569	2,214,656
Municipal Retirement	0.1172	1,702,304	0.1112	1,578,556	-	-
Social Security	0.1041	1,513,129	0.0973	1,381,231	-	-
SEDOL IMRF	0.0052	76,156	0.0058	81,570	0.0059	83,157
Working Cash	0.0034	49,710	0.0035	49,342	0.0035	49,216
Revenue Recapture	0.0169	245,845	0.0169	239,855	-	-
	<u>4.0174</u>	<u>\$ 58,375,760</u>	<u>3.9162</u>	<u>\$ 55,574,332</u>	<u>3.8514</u>	<u>\$ 54,374,942</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2023, the expenditures of the following funds exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 49,356,930	\$ 62,231,492	\$ 12,874,562
Debt Services	7,900,000	9,086,641	1,186,641
Transportation	4,457,716	4,788,974	331,258
Capital Projects	10,546,298	11,478,101	931,803

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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/fy2022>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 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, 2022 was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$14,872,871 in pension contributions from the State of Illinois.

NOTES TO FINANCIAL STATEMENTS (Continued)

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2023 were \$154,308.

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

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

For the year ended June 30, 2023, the District pension contribution was 10.49% of salaries paid from federal and special trust funds. For the year ended June 30, 2023, salaries totaling \$1,252,919 were paid from federal and special trust funds that required District contributions of \$131,431.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2023, the District paid \$18,421 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms

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

Inactive plan members and beneficiaries currently receiving benefits	231
Inactive plan members entitled to but not yet receiving benefits	383
Active plan members	145
Total	<u>759</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 2023 and 2022 were 9.94% and 12.97%, respectively. For the fiscal year ended June 30, 2023, the District contributed \$600,294 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

NOTES TO FINANCIAL STATEMENTS (Continued)

for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

Benefits Provided

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

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
 - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
 - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
 - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

Contributions

For the fiscal year ended June 30, 2023, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% of each teacher's salary. For the fiscal year ended June 30, 2022, the employee contribution was 0.90% of salary and the employer contribution was 0.67% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing

NOTES TO FINANCIAL STATEMENTS (Continued)

annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer. Total employer contributions for the fiscal year ended June 30, 2023 were \$178,252.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$244,252 in benefit contributions from the State of Illinois.

NOTE 12 - INTERFUND TRANSFERS

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

Transfer from	Transfer to	Amount
General Fund	Debt Services Fund	\$ 544,381
Operations and Maintenance Fund	Capital Projects Fund	1,000,000

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

The 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, 2022 (most recent information available) is as follows:

Assets	\$ 80,706,449
Deferred Outflows of Resources	1,684,836
	<u>\$ 82,391,285</u>
Liabilities	\$ 26,072,335
Deferred Inflows of Resources	22,917,725
Net Position	33,401,225
	<u>\$ 82,391,285</u>
Revenues Received	\$ 60,038,859
Expenditures Disbursed	53,139,707
Net Increase/(Decrease) in Net Position	<u>\$ 6,899,152</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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

During the year ended June 30, 2023, 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, 2023, 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 yearend. The potential liability to the District totals approximately \$460,700. 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:

2022 EAV	\$ 1,453,073,130
Rate	6.90%
Debt Margin	\$ 100,262,046
Current Debt	76,917,311
Remaining Debt Margin	<u>\$ 23,344,735</u>

NOTE 17 - CONSTRUCTION CONTINGENCIES

The District has ongoing contracts for renovations at multiple locations as of June 30, 2023. The projects have the following outstanding commitments that have not been included as expenditures in these financial statements:

Renovations at various schools	\$ 14,689,990
Total	<u>\$ 14,689,990</u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

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

SUPPLEMENTAL 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, 2023

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 40,812,000	\$ 42,011,888
Tuition	230,000	181,537
Earnings on Investments	100,000	578,845
Food Services	300,000	371,748
District/School Activity Income	305,000	216,540
Textbooks	505,000	161,767
Other Local Sources	240,000	356,335
State Aid		
General State Aid	4,441,171	4,441,171
Special Education	400,000	464,594
State Free Lunch and Breakfast	15,000	2,846
Early Childhood - Block Grant	400,000	463,227
Other Restricted Revenue from State Sources	500	3,052
Federal Aid		
Food Service	358,000	889,566
Title I	405,000	302,339
Title IV	52,000	54,289
Federal Special Education	775,000	757,236
Title III - English Language Acquisition	180,000	100,781
Title II - Teacher Quality	40,000	77,826
Medicaid Matching Funds - Administrative Outreach	63,000	104,269
Medicaid Matching Funds - Fee-for-Service Program	150,000	14,924
Other Federal Aid	750,000	1,737,467
State Retirement Contributions	-	15,117,123
Total Revenues	\$ 50,521,671	\$ 68,409,370
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 15,381,126	\$ 14,776,029
Employee Benefits	2,700,340	2,846,387
Purchased Services	635,062	415,285
Supplies and Materials	886,579	890,456
Other Objects	-	1,817
Non-Capitalized Equipment	-	43,371
	\$ 19,603,107	\$ 18,973,345
Pre-K Programs		
Salaries	\$ 401,569	\$ 380,572
Employee Benefits	111,080	100,252
Purchased Services	25,000	10,702
Supplies and Materials	17,399	46,869
Non-Capitalized Equipment	-	1,952
	\$ 555,048	\$ 540,347
Special Education Programs		
Salaries	\$ 4,392,558	\$ 4,020,991
Employee Benefits	1,023,863	1,124,932
Purchased Services	156,000	87,168
Supplies and Materials	136,823	54,917
Other Objects	4,000	3,134
Non-Capitalized Equipment	9,700	-
	\$ 5,722,944	\$ 5,291,142
Special Education Programs Pre-K		
Salaries	\$ 157,317	\$ 152,014
Employee Benefits	34,315	41,635
Supplies and Materials	-	5,972
Non-Capitalized Equipment	-	1,952
	\$ 191,632	\$ 201,573

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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Remedial and Supplemental Programs K-12		
Salaries	\$ 424,118	\$ 348,452
Employee Benefits	54,317	42,737
	<u>\$ 478,435</u>	<u>\$ 391,189</u>
Interscholastic Programs		
Salaries	\$ 301,000	\$ 421,913
Employee Benefits	4,200	7,174
Purchased Services	15,000	20,700
Supplies and Materials	81,000	83,182
Other Objects	5,000	6,816
Non-Capitalized Equipment	-	5,567
	<u>\$ 406,200</u>	<u>\$ 545,352</u>
Summer School Programs		
Salaries	\$ 270,000	\$ 356,248
Employee Benefits	25,070	9,129
Purchased Services	1,000	-
Supplies and Materials	-	15,816
	<u>\$ 296,070</u>	<u>\$ 381,193</u>
Bilingual Programs		
Salaries	\$ 1,529,441	\$ 1,473,816
Employee Benefits	324,303	303,234
Purchased Services	75,000	97,762
Supplies and Materials	3,500	5,878
	<u>\$ 1,932,244</u>	<u>\$ 1,880,690</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ 900,000	\$ 1,062,219
	<u>\$ 900,000</u>	<u>\$ 1,062,219</u>
Student Activity Fund		
Other Objects	\$ -	\$ 121,304
	<u>\$ -</u>	<u>\$ 121,304</u>
State Retirement Contributions	\$ -	\$ 15,117,123
Total Instruction	<u>\$ 30,085,680</u>	<u>\$ 44,505,477</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 1,124,097	\$ 1,065,196
Employee Benefits	161,815	154,106
Purchased Services	21,000	136,462
Supplies and Materials	-	818
	<u>\$ 1,306,912</u>	<u>\$ 1,356,582</u>
Guidance Services		
Salaries	\$ 94,304	\$ 85,817
Employee Benefits	49,780	18,380
Purchased Services	155,000	33,750
Supplies and Materials	10,000	6,184
	<u>\$ 309,084</u>	<u>\$ 144,131</u>
Health Services		
Salaries	\$ 434,865	\$ 312,665
Employee Benefits	63,371	55,375
Purchased Services	340,000	365,212
Supplies and Materials	19,178	16,186
	<u>\$ 857,414</u>	<u>\$ 749,438</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Psychological Services		
Salaries	\$ 540,479	\$ 487,147
Employee Benefits	107,012	55,080
Purchased Services	221,082	62,824
	<u>\$ 868,573</u>	<u>\$ 605,051</u>
Speech Pathology and Audiology Services		
Salaries	\$ 1,061,645	\$ 1,020,281
Employee Benefits	143,143	171,381
Purchased Services	12,500	10,917
	<u>\$ 1,217,288</u>	<u>\$ 1,202,579</u>
Other Support Services - Pupil		
Salaries	\$ 404,071	\$ 404,551
Employee Benefits	68,499	69,612
Purchased Services	150,000	95,262
	<u>\$ 622,570</u>	<u>\$ 569,425</u>
Total Support Services - Pupil	<u>\$ 5,181,841</u>	<u>\$ 4,627,206</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 1,100,375	\$ 984,794
Employee Benefits	260,270	285,326
Purchased Services	277,900	278,056
Supplies and Materials	31,000	31,671
Other Objects	17,000	7,975
	<u>\$ 1,686,545</u>	<u>\$ 1,587,822</u>
Educational Media Services		
Salaries	\$ 541,088	\$ 456,746
Employee Benefits	127,069	102,009
Purchased Services	-	64,255
Supplies and Materials	56,000	90,500
Non-Capitalized Equipment	-	43,138
	<u>\$ 724,157</u>	<u>\$ 756,648</u>
Assessment and Testing		
Purchased Services	\$ 30,050	\$ 27,550
Supplies and Materials	20,884	16,407
	<u>\$ 50,934</u>	<u>\$ 43,957</u>
Total Support Services - Instructional Staff	<u>\$ 2,461,636</u>	<u>\$ 2,388,427</u>
General Administration		
Board of Education Services		
Salaries	\$ -	\$ 1,242
Purchased Services	335,750	224,062
Supplies and Materials	5,000	429
Other Objects	2,000	862
	<u>\$ 342,750</u>	<u>\$ 226,595</u>
Executive Administration Services		
Salaries	\$ 206,993	\$ 214,954
Employee Benefits	70,678	72,284
Purchased Services	9,000	-
Supplies and Materials	1,000	97
Other Objects	5,000	1,800
	<u>\$ 292,671</u>	<u>\$ 289,135</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Special Area Administrative Services		
Salaries	\$ -	\$ 161,092
Employee Benefits	-	30,079
Supplies and Materials	-	1,959
	<u>\$ -</u>	<u>\$ 193,130</u>
Total Support Services - General Administration	<u>\$ 635,421</u>	<u>\$ 708,860</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 2,411,981	\$ 2,378,912
Employee Benefits	669,685	637,045
Purchased Services	8,080	1,917
Supplies and Materials	27,520	17,047
Other Objects	31,171	25,523
	<u>\$ 3,148,437</u>	<u>\$ 3,060,444</u>
Total Support Services - School Administration	<u>\$ 3,148,437</u>	<u>\$ 3,060,444</u>
Business		
Direction of Business Support Services		
Salaries	\$ 159,135	\$ 162,195
Employee Benefits	48,007	48,892
Purchased Services	5,000	1,857
Supplies and Materials	10,000	416
Other Objects	1,000	455
	<u>\$ 223,142</u>	<u>\$ 213,815</u>
Fiscal Services		
Salaries	\$ 520,398	\$ 420,079
Employee Benefits	72,492	62,392
Purchased Services	61,500	46,214
Supplies and Materials	900	2,951
Other Objects	2,000	14,230
	<u>\$ 657,290</u>	<u>\$ 545,866</u>
Total Support Services - Business	<u>\$ 880,432</u>	<u>\$ 759,681</u>
Operations and Maintenance		
Purchased Services	\$ -	\$ 480
Total Support Services - Operations and Maintenance	<u>\$ -</u>	<u>\$ 480</u>
Transportation		
Salaries	\$ 8,493	\$ 15,581
Employee Benefits	500	623
Purchased Services	3,000	98,747
Total Support Services - Transportation	<u>\$ 11,993</u>	<u>\$ 114,951</u>
Food Services		
Salaries	\$ 189,608	\$ 179,769
Employee Benefits	1,656	-
Purchased Services	500,000	797,433
Supplies and Materials	3,200	13,171
Other Objects	-	2,634
Total Support Services - Food Services	<u>\$ 694,464</u>	<u>\$ 993,007</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Central		
Information Services		
Salaries	\$ 768,643	\$ 793,282
Employee Benefits	127,974	141,760
Purchased Services	870,000	590,225
Supplies and Materials	118,000	130,922
Other Objects	24,500	1,820
Non-Capitalized Equipment	610,000	548,296
	<u>\$ 2,519,117</u>	<u>\$ 2,206,305</u>
Staff Services		
Salaries	\$ 299,396	\$ 321,077
Employee Benefits	97,632	88,435
Purchased Services	160,000	68,198
Supplies and Materials	21,500	38,447
Other Objects	4,000	3,302
Non-Capitalized Equipment	-	5,000
	<u>\$ 582,528</u>	<u>\$ 524,459</u>
Data Processing Services		
Purchased Services	\$ 15,000	\$ 14,571
	<u>\$ 15,000</u>	<u>\$ 14,571</u>
Total Support Services - Central	<u>\$ 3,116,645</u>	<u>\$ 2,745,335</u>
Other Support Services		
Salaries	\$ 100,988	\$ 90,582
Employee Benefits	24,660	25,126
Total Support Services - Other Support Services	<u>\$ 125,648</u>	<u>\$ 115,708</u>
Total Support Services	<u>\$ 16,256,517</u>	<u>\$ 15,514,099</u>
Community Services		
Salaries	\$ 56,641	\$ 66,322
Employee Benefits	3,747	6,602
Purchased Services	2,655	20,401
Supplies and Materials	1,690	12,109
Total Community Services	<u>\$ 64,733</u>	<u>\$ 105,434</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Regular Programs		
Purchased Services	\$ -	\$ 128,490
	<u>\$ -</u>	<u>\$ 128,490</u>
Payments for Special Education Programs		
Purchased Services	\$ -	\$ 128,490
Other Objects	750,000	336,113
	<u>\$ 750,000</u>	<u>\$ 464,603</u>
Other Payments to In-State Govt Units		
Other Objects	\$ -	\$ 3,454
	<u>\$ -</u>	<u>\$ 3,454</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 750,000</u>	<u>\$ 596,547</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, 2023

	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	\$ 1,700,000	\$ 1,462,320
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,700,000</u>	<u>\$ 1,462,320</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 2,450,000</u>	<u>\$ 2,058,867</u>
Total Intergovernmental Payments	<u>\$ 2,450,000</u>	<u>\$ 2,058,867</u>
Capital Outlay		
Support Services		
Instructional Staff	\$ -	\$ 15,600
Central	500,000	32,015
Total Capital Outlay	<u>\$ 500,000</u>	<u>\$ 47,615</u>
Total Expenditures	<u>\$ 49,356,930</u>	<u>\$ 62,231,492</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,164,741	\$ 6,177,878
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(544,381)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 1,164,741</u></u>	\$ 5,633,497
FUND BALANCE - JULY 1, 2022		<u>34,654,371</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 40,287,868</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 3,522,000	\$ 3,576,927
Payments in Lieu of Taxes	1,107,923	1,164,799
Earnings on Investments	20,000	68,225
Other Local Sources	45,000	235,935
Federal Aid		
Other Federal Aid	734,614	-
Total Revenues	<u>\$ 5,429,537</u>	<u>\$ 5,045,886</u>
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 50,000	\$ 62,687
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ 50,000</u>	<u>\$ 62,687</u>
Operations and Maintenance		
Salaries	\$ 652,691	\$ 592,602
Employee Benefits	143,814	123,841
Purchased Services	1,809,052	2,227,531
Supplies and Materials	1,225,000	1,076,275
Other Objects	2,900	556
Non-Capitalized Equipment	-	13,337
Total Support Services - Operations and Maintenance	<u>\$ 3,833,457</u>	<u>\$ 4,034,142</u>
Total Support Services	<u>\$ 3,883,457</u>	<u>\$ 4,096,829</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Government Units (In-State)		
Payments for Special Education Programs		
Other Objects	\$ -	\$ 136,552
	<u>\$ -</u>	<u>\$ 136,552</u>
Total Payments to Other Governmental Units (In-State)	<u>\$ -</u>	<u>\$ 136,552</u>
Total Intergovernmental Payments	<u>\$ -</u>	<u>\$ 136,552</u>
Capital Outlay		
Support Services		
Facilities Acquisition and Construction Services	\$ 1,707,417	\$ 538,643
Operations and Maintenance	190,000	167,363
Total Capital Outlay	<u>\$ 1,897,417</u>	<u>\$ 706,006</u>
Total Expenditures	<u>\$ 5,780,874</u>	<u>\$ 4,939,387</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (351,337)	\$ 106,499
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	-	(1,000,000)
NET CHANGE IN FUND BALANCE	<u>\$ (351,337)</u>	\$ (893,501)
FUND BALANCE - JULY 1, 2022		<u>4,272,689</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 3,379,188</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 8,000,000	\$ 8,354,287
Earnings on Investments	35,000	80,985
Total Revenues	<u>\$ 8,035,000</u>	<u>\$ 8,435,272</u>
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 7,900,000	\$ 6,710,947
Total Debt Services - Interest	<u>\$ 7,900,000</u>	<u>\$ 6,710,947</u>
Payments of Principal on Long-Term Debt		
Other Objects	\$ -	\$ 2,371,820
Total Debt Services - Payment of Principal on Long-Term Debt	<u>\$ -</u>	<u>\$ 2,371,820</u>
Other		
Other Objects	\$ -	\$ 3,874
Total Debt Services - Other	<u>\$ -</u>	<u>\$ 3,874</u>
Total Debt Services	<u>\$ 7,900,000</u>	<u>\$ 9,086,641</u>
Total Expenditures	<u>\$ 7,900,000</u>	<u>\$ 9,086,641</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 135,000	\$ (651,369)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>544,381</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 135,000</u></u>	<u>\$ (106,988)</u>
FUND BALANCE - JULY 1, 2022		<u>4,991,311</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 4,884,323</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 1,000,000	\$ 1,038,272
Transportation Fees	20,000	24,327
Earnings on Investments	15,000	50,419
Other Local Sources	-	3,947
State Aid		
Transportation	1,584,500	1,617,073
Total Revenues	<u>\$ 2,619,500</u>	<u>\$ 2,734,038</u>
EXPENDITURES		
Support Services		
Transportation		
Salaries	\$ 20,000	\$ 19,999
Employee Benefits	6,748	3,806
Purchased Services	4,210,968	4,450,002
Supplies and Materials	220,000	315,167
Total Support Services - Transportation	<u>\$ 4,457,716</u>	<u>\$ 4,788,974</u>
Total Support Services	<u>\$ 4,457,716</u>	<u>\$ 4,788,974</u>
Total Expenditures	<u>\$ 4,457,716</u>	<u>\$ 4,788,974</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,838,216)	\$ (2,054,936)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,838,216)</u>	\$ (2,054,936)
FUND BALANCE - JULY 1, 2022		<u>3,107,410</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 1,052,474</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 2,833,000	\$ 3,271,657
Earnings on Investments	5,000	2
Total Revenues	<u>\$ 2,838,000</u>	<u>\$ 3,271,659</u>
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 176,999	\$ 209,158
Pre-K Programs		
Employee Benefits	56,300	41,896
Special Education Programs		
Employee Benefits	319,570	322,924
Special Education Programs Pre-K		
Employee Benefits	7,540	11,937
Remedial and Supplemental Programs K-12		
Employee Benefits	3,940	4,952
Interscholastic Programs		
Employee Benefits	6,000	12,501
Summer School Programs		
Employee Benefits	36,886	13,994
Bilingual Programs		
Employee Benefits	38,545	43,726
Total Instruction	<u>\$ 645,780</u>	<u>\$ 661,088</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Employee Benefits	\$ 11,930	\$ 15,216
Guidance Services		
Employee Benefits	2,280	1,234
Health Services		
Employee Benefits	87,710	47,038
Psychological Services		
Employee Benefits	15,380	7,061
Speech Pathology and Audiology Services		
Employee Benefits	11,600	14,389
Other Support Services - Pupil		
Employee Benefits	4,510	5,673
Total Support Services - Pupil	<u>\$ 133,410</u>	<u>\$ 90,611</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 16,777	\$ 25,402
Educational Media Services		
Employee Benefits	38,205	25,938
Total Support Services - Instructional Staff	<u>\$ 54,982</u>	<u>\$ 51,340</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 6,520	\$ 5,689
Total Support Services - General Administration	<u>\$ 6,520</u>	<u>\$ 5,689</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
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2023

	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	\$ 233,640	\$ 148,397
Total Support Services - School Administration	<u>\$ 233,640</u>	<u>\$ 148,397</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 2,242	\$ 2,314
Fiscal Services		
Employee Benefits	43,700	79,905
Total Support Services - Business	<u>\$ 45,942</u>	<u>\$ 82,219</u>
Operations and Maintenance		
Employee Benefits	\$ 142,550	\$ 116,075
Total Support Services - Operations and Maintenance	<u>\$ 142,550</u>	<u>\$ 116,075</u>
Transportation		
Employee Benefits	\$ 32,100	\$ 4,576
Total Support Services - Transportation	<u>\$ 32,100</u>	<u>\$ 4,576</u>
Food Services		
Employee Benefits	\$ -	\$ 13,797
Total Support Services - Food Services	<u>\$ -</u>	<u>\$ 13,797</u>
Central		
Information Services		
Employee Benefits	\$ 164,800	\$ 151,993
Staff Services		
Employee Benefits	33,500	31,263
Total Support Services - Central	<u>\$ 198,300</u>	<u>\$ 183,256</u>
Other Support Services		
Employee Benefits	\$ 21,900	\$ 17,083
Total Support Services - Other Support Services	<u>\$ 21,900</u>	<u>\$ 17,083</u>
Total Support Services	<u>\$ 869,344</u>	<u>\$ 713,043</u>
Community Services		
Employee Benefits	\$ 22,950	\$ 12,463
Total Community Services	<u>\$ 22,950</u>	<u>\$ 12,463</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments for Special Education Programs		
Employee Benefits	\$ -	\$ 81,567
Total Intergovernmental Payments	<u>\$ -</u>	<u>\$ 81,567</u>
Total Expenditures	<u>\$ 1,538,074</u>	<u>\$ 1,468,161</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
(Continued)		
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,299,926	\$ 1,803,498
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,299,926</u>	\$ 1,803,498
FUND BALANCE - JULY 1, 2022		<u>(502,654)</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 1,300,844</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Earnings on Investments	\$ -	\$ 482,782
State Aid		
School Infrastructure - Maintenance	-	50,000
Federal Aid		
Other Federal Aid	-	788,814
Total Revenues	<u>\$ -</u>	<u>\$ 1,321,596</u>
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ -	\$ 38,771
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ -</u>	<u>\$ 38,771</u>
Total Support Services	<u>\$ -</u>	<u>\$ 38,771</u>
Capital Outlay		
Support Services		
Facilities Acquisition and Construction Services	\$ 10,546,298	\$ 11,439,330
Total Capital Outlay	<u>\$ 10,546,298</u>	<u>\$ 11,439,330</u>
Total Expenditures	<u>\$ 10,546,298</u>	<u>\$ 11,478,101</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (10,546,298)</u>	<u>\$ (10,156,505)</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ -	\$ 1,000,000
Accrued Interest on Bonds Sold	45,000	-
	<u>\$ 45,000</u>	<u>\$ 1,000,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,501,298)</u>	<u>\$ (9,156,505)</u>
FUND BALANCE - JULY 1, 2022		<u>20,261,663</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 11,105,158</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 975,000	\$ 578,218
Earnings on Investments	500	-
Total Revenues	<u>\$ 975,500</u>	<u>\$ 578,218</u>
EXPENDITURES		
Support Services		
General Administration		
Risk Management and Claims Services Payments		
Purchased Services	\$ 500,000	\$ 469,134
	<u>\$ 500,000</u>	<u>\$ 469,134</u>
Total Support Services - General Administration	<u>\$ 500,000</u>	<u>\$ 469,134</u>
Total Support Services	<u>\$ 500,000</u>	<u>\$ 469,134</u>
Total Expenditures	<u>\$ 500,000</u>	<u>\$ 469,134</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 475,500	\$ 109,084
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 475,500</u></u>	\$ 109,084
FUND BALANCE - JULY 1, 2022		<u>(171,076)</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ (61,992)</u></u>

See Accompanying Independent Auditor's Report

HAWTHORN SCHOOL DISTRICT NO. 73
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Educational Fund	Working Cash Fund	General Fund Total
ASSETS			
Cash and Cash Equivalents	\$ 10,932,171	\$ 7,532,218	\$ 18,464,389
Investments	12,896,624	9,010,788	21,907,412
Interfund Receivables (Cash Overdraft)	61,992	-	61,992
Total Assets	<u>\$ 23,890,787</u>	<u>\$ 16,543,006</u>	<u>\$ 40,433,793</u>
LIABILITIES			
Current Liabilities			
Payroll Liabilities	\$ 145,605	\$ -	\$ 145,605
Payable to Other Governments	320	-	320
Total Current Liabilities	<u>\$ 145,925</u>	<u>\$ -</u>	<u>\$ 145,925</u>
Total Liabilities	<u>\$ 145,925</u>	<u>\$ -</u>	<u>\$ 145,925</u>
FUND BALANCE			
Restricted			
Student Activity Funds	\$ 151,739	\$ -	\$ 151,739
Unassigned	23,593,123	16,543,006	40,136,129
Total Fund Balance	<u>\$ 23,744,862</u>	<u>\$ 16,543,006</u>	<u>\$ 40,287,868</u>
Total Liabilities and Fund Balance	<u>\$ 23,890,787</u>	<u>\$ 16,543,006</u>	<u>\$ 40,433,793</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, 2023

	Educational Fund	Working Cash Fund	General Fund Total
REVENUES			
Property Taxes	\$ 41,960,679	\$ 51,209	\$ 42,011,888
Tuition	181,537	-	181,537
Earnings on Investments	315,533	263,312	578,845
Food Services	371,748	-	371,748
District/School Activity Income	216,540	-	216,540
Textbooks	161,767	-	161,767
Other Local Sources	356,335	-	356,335
State Aid	5,374,890	-	5,374,890
Federal Aid	4,038,697	-	4,038,697
State Retirement Contributions	15,117,123	-	15,117,123
Total Revenues	<u>\$ 68,094,849</u>	<u>\$ 314,521</u>	<u>\$ 68,409,370</u>
EXPENDITURES			
Current			
Instruction			
Regular Programs	\$ 18,973,345	\$ -	\$ 18,973,345
Pre-K Programs	540,347	-	540,347
Special Education Programs	6,353,361	-	6,353,361
Special Education Programs Pre-K	201,573	-	201,573
Other Instructional Programs	3,198,424	-	3,198,424
Student Activity Fund	121,304	-	121,304
State Retirement Contributions	15,117,123	-	15,117,123
Support Services			
Pupil	4,627,206	-	4,627,206
Instructional Staff	2,388,427	-	2,388,427
General Administration	708,860	-	708,860
School Administration	3,060,444	-	3,060,444
Business	759,681	-	759,681
Operations and Maintenance	480	-	480
Transportation	114,951	-	114,951
Food Services	993,007	-	993,007
Central	2,745,335	-	2,745,335
Other Support Services	115,708	-	115,708
Community Services	105,434	-	105,434
Capital Outlay	47,615	-	47,615
Intergovernmental Payments			
Payments to Other Districts and Governmental Units	2,058,867	-	2,058,867
Total Expenditures	<u>\$ 62,231,492</u>	<u>\$ -</u>	<u>\$ 62,231,492</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,863,357	\$ 314,521	\$ 6,177,878
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	<u>(544,381)</u>	<u>-</u>	<u>(544,381)</u>
NET CHANGE IN FUND BALANCES	\$ 5,318,976	\$ 314,521	\$ 5,633,497
FUND BALANCE - JULY 1, 2022	<u>18,425,886</u>	<u>16,228,485</u>	<u>34,654,371</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 23,744,862</u>	<u>\$ 16,543,006</u>	<u>\$ 40,287,868</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, 2023

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 40,762,000	\$ 41,960,679
Tuition	230,000	181,537
Earnings on Investments	75,000	315,533
Food Services	300,000	371,748
District/School Activity Income	305,000	216,540
Textbooks	505,000	161,767
Other Local Sources	240,000	356,335
State Aid		
General State Aid	4,441,171	4,441,171
Special Education	400,000	464,594
State Free Lunch and Breakfast	15,000	2,846
Early Childhood - Block Grant	400,000	463,227
Other Restricted Revenue from State Sources	500	3,052
Federal Aid		
Food Service	358,000	889,566
Title I	405,000	302,339
Title IV	52,000	54,289
Federal Special Education	775,000	757,236
Title III - English Language Acquisition	180,000	100,781
Title II - Teacher Quality	40,000	77,826
Medicaid Matching Funds - Administrative Outreach	63,000	104,269
Medicaid Matching Funds - Fee-for-Service Program	150,000	14,924
Other Federal Aid	750,000	1,737,467
State Retirement Contributions	-	15,117,123
Total Revenues	\$ 50,446,671	\$ 68,094,849
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 15,381,126	\$ 14,776,029
Employee Benefits	2,700,340	2,846,387
Purchased Services	635,062	415,285
Supplies and Materials	886,579	890,456
Other Objects	-	1,817
Non-Capitalized Equipment	-	43,371
	\$ 19,603,107	\$ 18,973,345
Pre-K Programs		
Salaries	\$ 401,569	\$ 380,572
Employee Benefits	111,080	100,252
Purchased Services	25,000	10,702
Supplies and Materials	17,399	46,869
Non-Capitalized Equipment	-	1,952
	\$ 555,048	\$ 540,347
Special Education Programs		
Salaries	\$ 4,392,558	\$ 4,020,991
Employee Benefits	1,023,863	1,124,932
Purchased Services	156,000	87,168
Supplies and Materials	136,823	54,917
Other Objects	4,000	3,134
Non-Capitalized Equipment	9,700	-
	\$ 5,722,944	\$ 5,291,142
Special Education Programs Pre-K		
Salaries	\$ 157,317	\$ 152,014
Employee Benefits	34,315	41,635
Supplies and Materials	-	5,972
Non-Capitalized Equipment	-	1,952
	\$ 191,632	\$ 201,573

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, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Instruction (Continued)		
Remedial and Supplemental Programs K-12		
Salaries	\$ 424,118	\$ 348,452
Employee Benefits	54,317	42,737
	<u>\$ 478,435</u>	<u>\$ 391,189</u>
Interscholastic Programs		
Salaries	\$ 301,000	\$ 421,913
Employee Benefits	4,200	7,174
Purchased Services	15,000	20,700
Supplies and Materials	81,000	83,182
Other Objects	5,000	6,816
Non-Capitalized Equipment	-	5,567
	<u>\$ 406,200</u>	<u>\$ 545,352</u>
Summer School Programs		
Salaries	\$ 270,000	\$ 356,248
Employee Benefits	25,070	9,129
Purchased Services	1,000	-
Supplies and Materials	-	15,816
	<u>\$ 296,070</u>	<u>\$ 381,193</u>
Bilingual Programs		
Salaries	\$ 1,529,441	\$ 1,473,816
Employee Benefits	324,303	303,234
Purchased Services	75,000	97,762
Supplies and Materials	3,500	5,878
	<u>\$ 1,932,244</u>	<u>\$ 1,880,690</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ 900,000	\$ 1,062,219
	<u>\$ 900,000</u>	<u>\$ 1,062,219</u>
Student Activity Fund		
Other Objects	\$ -	\$ 121,304
	<u>\$ -</u>	<u>\$ 121,304</u>
State Retirement Contributions	\$ -	\$ 15,117,123
Total Instruction	<u>\$ 30,085,680</u>	<u>\$ 44,505,477</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 1,124,097	\$ 1,065,196
Employee Benefits	161,815	154,106
Purchased Services	21,000	136,462
Supplies and Materials	-	818
	<u>\$ 1,306,912</u>	<u>\$ 1,356,582</u>
Guidance Services		
Salaries	\$ 94,304	\$ 85,817
Employee Benefits	49,780	18,380
Purchased Services	155,000	33,750
Supplies and Materials	10,000	6,184
	<u>\$ 309,084</u>	<u>\$ 144,131</u>
Health Services		
Salaries	\$ 434,865	\$ 312,665
Employee Benefits	63,371	55,375
Purchased Services	340,000	365,212
Supplies and Materials	19,178	16,186
	<u>\$ 857,414</u>	<u>\$ 749,438</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, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Psychological Services		
Salaries	\$ 540,479	\$ 487,147
Employee Benefits	107,012	55,080
Purchased Services	221,082	62,824
	<u>\$ 868,573</u>	<u>\$ 605,051</u>
Speech Pathology and Audiology Services		
Salaries	\$ 1,061,645	\$ 1,020,281
Employee Benefits	143,143	171,381
Purchased Services	12,500	10,917
	<u>\$ 1,217,288</u>	<u>\$ 1,202,579</u>
Other Support Services - Pupil		
Salaries	\$ 404,071	\$ 404,551
Employee Benefits	68,499	69,612
Purchased Services	150,000	95,262
	<u>\$ 622,570</u>	<u>\$ 569,425</u>
Total Support Services - Pupil	<u>\$ 5,181,841</u>	<u>\$ 4,627,206</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 1,100,375	\$ 984,794
Employee Benefits	260,270	285,326
Purchased Services	277,900	278,056
Supplies and Materials	31,000	31,671
Other Objects	17,000	7,975
	<u>\$ 1,686,545</u>	<u>\$ 1,587,822</u>
Educational Media Services		
Salaries	\$ 541,088	\$ 456,746
Employee Benefits	127,069	102,009
Purchased Services	-	64,255
Supplies and Materials	56,000	90,500
Non-Capitalized Equipment	-	43,138
	<u>\$ 724,157</u>	<u>\$ 756,648</u>
Assessment and Testing		
Purchased Services	\$ 30,050	\$ 27,550
Supplies and Materials	20,884	16,407
	<u>\$ 50,934</u>	<u>\$ 43,957</u>
Total Support Services - Instructional Staff	<u>\$ 2,461,636</u>	<u>\$ 2,388,427</u>
General Administration		
Board of Education Services		
Salaries	\$ -	\$ 1,242
Purchased Services	335,750	224,062
Supplies and Materials	5,000	429
Other Objects	2,000	862
	<u>\$ 342,750</u>	<u>\$ 226,595</u>
Executive Administration Services		
Salaries	\$ 206,993	\$ 214,954
Employee Benefits	70,678	72,284
Purchased Services	9,000	-
Supplies and Materials	1,000	97
Other Objects	5,000	1,800
	<u>\$ 292,671</u>	<u>\$ 289,135</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Special Area Administrative Services		
Salaries	\$ -	\$ 161,092
Employee Benefits	-	30,079
Supplies and Materials	-	1,959
	<u>\$ -</u>	<u>\$ 193,130</u>
Total Support Services - General Administration	<u>\$ 635,421</u>	<u>\$ 708,860</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 2,411,981	\$ 2,378,912
Employee Benefits	669,685	637,045
Purchased Services	8,080	1,917
Supplies and Materials	27,520	17,047
Other Objects	31,171	25,523
	<u>\$ 3,148,437</u>	<u>\$ 3,060,444</u>
Total Support Services - School Administration	<u>\$ 3,148,437</u>	<u>\$ 3,060,444</u>
Business		
Direction of Business Support Services		
Salaries	\$ 159,135	\$ 162,195
Employee Benefits	48,007	48,892
Purchased Services	5,000	1,857
Supplies and Materials	10,000	416
Other Objects	1,000	455
	<u>\$ 223,142</u>	<u>\$ 213,815</u>
Fiscal Services		
Salaries	\$ 520,398	\$ 420,079
Employee Benefits	72,492	62,392
Purchased Services	61,500	46,214
Supplies and Materials	900	2,951
Other Objects	2,000	14,230
	<u>\$ 657,290</u>	<u>\$ 545,866</u>
Total Support Services - Business	<u>\$ 880,432</u>	<u>\$ 759,681</u>
Operations and Maintenance		
Purchased Services	\$ -	\$ 480
Total Support Services - Operations and Maintenance	<u>\$ -</u>	<u>\$ 480</u>
Transportation		
Salaries	\$ 8,493	\$ 15,581
Employee Benefits	500	623
Purchased Services	3,000	98,747
Total Support Services - Transportation	<u>\$ 11,993</u>	<u>\$ 114,951</u>
Food Services		
Salaries	\$ 189,608	\$ 179,769
Employee Benefits	1,656	-
Purchased Services	500,000	797,433
Supplies and Materials	3,200	13,171
Other Objects	-	2,634
Total Support Services - Food Services	<u>\$ 694,464</u>	<u>\$ 993,007</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, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Central		
Information Services		
Salaries	\$ 768,643	\$ 793,282
Employee Benefits	127,974	141,760
Purchased Services	870,000	590,225
Supplies and Materials	118,000	130,922
Other Objects	24,500	1,820
Non-Capitalized Equipment	610,000	548,296
	<u>\$ 2,519,117</u>	<u>\$ 2,206,305</u>
Staff Services		
Salaries	\$ 299,396	\$ 321,077
Employee Benefits	97,632	88,435
Purchased Services	160,000	68,198
Supplies and Materials	21,500	38,447
Other Objects	4,000	3,302
Non-Capitalized Equipment	-	5,000
	<u>\$ 582,528</u>	<u>\$ 524,459</u>
Data Processing Services		
Purchased Services	\$ 15,000	\$ 14,571
	<u>\$ 15,000</u>	<u>\$ 14,571</u>
Total Support Services - Central	<u>\$ 3,116,645</u>	<u>\$ 2,745,335</u>
Other Support Services		
Salaries	\$ 100,988	\$ 90,582
Employee Benefits	24,660	25,126
Total Support Services - Other Support Services	<u>\$ 125,648</u>	<u>\$ 115,708</u>
Total Support Services	<u>\$ 16,256,517</u>	<u>\$ 15,514,099</u>
Community Services		
Salaries	\$ 56,641	\$ 66,322
Employee Benefits	3,747	6,602
Purchased Services	2,655	20,401
Supplies and Materials	1,690	12,109
Total Community Services	<u>\$ 64,733</u>	<u>\$ 105,434</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Regular Programs		
Purchased Services	\$ -	\$ 128,490
	<u>\$ -</u>	<u>\$ 128,490</u>
Payments for Special Education Programs		
Purchased Services	\$ -	\$ 128,490
Other Objects	750,000	336,113
	<u>\$ 750,000</u>	<u>\$ 464,603</u>
Other Payments to In-State Govt Units		
Other Objects	\$ -	\$ 3,454
	<u>\$ -</u>	<u>\$ 3,454</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 750,000</u>	<u>\$ 596,547</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, 2023

	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	\$ 1,700,000	\$ 1,462,320
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,700,000</u>	<u>\$ 1,462,320</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 2,450,000</u>	<u>\$ 2,058,867</u>
Total Intergovernmental Payments	<u>\$ 2,450,000</u>	<u>\$ 2,058,867</u>
Capital Outlay		
Support Services		
Instructional Staff	\$ -	\$ 15,600
Central	500,000	32,015
Total Capital Outlay	<u>\$ 500,000</u>	<u>\$ 47,615</u>
Total Expenditures	<u>\$ 49,356,930</u>	<u>\$ 62,231,492</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,089,741</u>	<u>\$ 5,863,357</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(544,381)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 1,089,741</u></u>	<u>\$ 5,318,976</u>
FUND BALANCE - JULY 1, 2022		<u>18,425,886</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 23,744,862</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, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 50,000	\$ 51,209
Earnings on Investments	25,000	263,312
Total Revenues	<u>\$ 75,000</u>	<u>\$ 314,521</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 75,000	\$ 314,521
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 75,000</u></u>	\$ 314,521
FUND BALANCE - JULY 1, 2022		<u>16,228,485</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 16,543,006</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 30, 2023

OPERATING EXPENSE PER PUPIL			
EXPENDITURES:			
ED	Total Expenditures	\$	46,993,065
O&M	Total Expenditures		4,939,387
DS	Total Expenditures		9,086,641
TR	Total Expenditures		4,788,974
MR/SS	Total Expenditures		1,468,161
TORT	Total Expenditures		469,134
	Total Expenditures	\$	67,745,362

LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:

ED	Pre-K Programs	\$	538,395
ED	Special Education Programs Pre-K		199,621
ED	Summer School Programs		381,193
ED	Special Education Programs K-12 - Private Tuition		1,062,219
ED	Community Services		105,434
ED	Total Payments to Other Govt Units		2,058,867
ED	Capital Outlay		47,615
ED	Non-Capitalized Equipment		649,276
O&M	Total Payments to Other Govt Units		136,552
O&M	Capital Outlay		706,006
O&M	Non-Capitalized Equipment		13,337
DS	Debt Service - Payments of Principal on Long-Term Debt		2,371,820
MR/SS	Pre-K Programs		41,896
MR/SS	Special Education Programs - Pre-K		11,937
MR/SS	Summer School Programs		13,994
MR/SS	Community Services		12,463
MR/SS	Total Payments to Other Govt Units		81,567
	Total Deductions for OEPP Computation (Sum of Lines 18 - 95)	\$	8,432,192
	Total Operating Expenses Regular K-12 (Line 14 minus Line 96)		59,313,170
	Month ADA from District Average Daily Attendance-Student Information System (SIS) in IWAS-preliminary ASA 2020-2021		3,264.14
	Estimated OEPP (Line 77 divided by Line 78)	\$	18,171.15

PER CAPITA TUITION CHARGE

LESS OFFSETTING RECEIPTS/REVENUES:			
TR	Regular -Transp Fees from Pupils or Parents (In State)	\$	24,327
ED	Total Food Service		371,748
ED-O&M	Total District/School Activity Income (without Student Activity Funds)		114,526
ED	Rentals - Regular Textbooks		100,576
ED-O&M	Rentals		19,373
ED	Other Local Fees (Describe & Itemize)		102,341
ED-O&M-TR	Total Special Education		464,594
ED	State Free Lunch & Breakfast		2,846
ED-O&M-TR-MR/SS	Total Transportation		1,617,073
ED-O&M-DS-TR-MR/SS-Tort	Other Restricted Revenue from State Sources		3,052
ED-MR/SS	Total Food Service		889,566
ED-O&M-TR-MR/SS	Total Title I		302,339
ED-O&M-TR-MR/SS	Total Title IV		54,289
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through		702,155
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Room & Board		28,882
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLEP)		100,781
ED-O&M-TR-MR/SS	Title II - Teacher Quality		77,826
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach		104,269
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Fee-for-Service Program		14,924
ED-O&M-TR-MR/SS	Other Restricted Revenue from Federal Sources (Describe & Itemize)		1,737,467
Federal Stimulus Revenue	Adjusting for FY20, FY21, or FY22 revenue received in FY23 for FY20, FY21, or FY22 Expenses		(730,393)
ED-TR-MR/SS	Special Education Contributions from EBF Funds **		1,441,792
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds ***		355,808
	Total Deductions for PCTC Computation Line 104 through Line 193)	\$	7,900,161
	Net Operating Expense for Tuition Computation (Line 97 minus Line 195)		51,413,009
	Total Depreciation Allowance (from page 32, Line 18, Col I)		3,278,771
	Total Allowance for PCTC Computation (Line 196 plus Line 197)		54,691,780
	Month ADA from District Average Daily Attendance-Student Information System (SIS) in IWAS-preliminary ASA 2020-2021		3,264.14
	Total Estimated PCTC (Line 198 divided by Line 199)	\$	16,755.34

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, 2023. 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.

In our opinion, Hawthorn School District No. 73 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 2023-001, 2023-002, and 2023-003. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Hawthorn School District No. 73's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Hawthorn School District No. 73's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

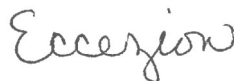
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 2022 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures by us and our report dated October 3, 2022 expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2022 financial statements as a whole.

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



Eccezion
Consulting • CPAs • Technology

McHenry, Illinois
October 3, 2023

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Expenditure/Disbursements ⁴		Year 7/1/22-6/30/23 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)			Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)				
CHILD NUTRITION CLUSTER												
US Department of Agriculture												
Passed Through Department of Defense:												
Food Donations Program (Non-Cash Commodities) (M)	10.555	23-4299-00		20,551				20,551			20,551	N/A
Passed Through Illinois State Board of Education:												
Food Donations Program (Non-Cash Commodities) (M)	10.555	23-4299-00		80,674				80,674			80,674	N/A
National School Lunch Program * (M)	10.555	22-4210-00	861,553	236,225	1,018,079			79,699			1,097,778	N/A
National School Lunch Program * (M)	10.555	23-4210-00		457,197				457,197			457,197	N/A
COVID-19 ARP National School Lunch Program * (M)	10.555	22-4210-BT		628				628			628	N/A
COVID-19 ARP Nutrition Supply Chain Assistance * (M)	10.555	23-4210-SC		111,418				111,418			111,418	N/A
Subtotal CFDA 10.555			861,553	906,693	1,018,079		0	750,167	0	0	1,768,246	N/A
School Breakfast Program * (M)	10.553	22-4220-00	80,350	25,870	96,840			9,380			106,220	N/A
School Breakfast Program * (M)	10.553	23-4220-00		58,228				58,228			58,228	N/A
Subtotal CFDA 10.553			80,350	84,098	96,840		0	67,608	0	0	164,448	
Total Child Nutrition Cluster			941,903	990,791	1,114,919		0	817,775	0	0	1,932,694	
Subtotal CFDA "10"			941,903	990,791	1,114,919		0	817,775	0	0	1,932,694	
Federal Communications Commission												
COVID-19 Emergency Connectivity Fund Program	32.009	22-4998-00		266,120	263,722			2,398			266,120	N/A
Subtotal CFDA 32.009			0	266,120	263,722		0	2,398	0	0	266,120	
Subtotal CFDA "32"			0	266,120	263,722		0	2,398	0	0	266,120	
US Department of Education												
Passed Through Illinois State Board of Education:												
Special Education - IDEA Flow Through (M)	84.027	22-4620-00	537,631	278,369	816,000						816,000	1,084,031
Special Education - IDEA Flow Through (M)	84.027	23-4620-00		394,936				553,980			553,980	1,002,970
IDEA Flow Through (M)	84.027	23-4620-EI		28,850				81,154			81,154	112,333
Special Education - IDEA Room & Board ** (M)	84.027	22-4625-00	86,646	28,882	86,646			28,882			115,528	N/A
COVID-19 ARP IDEA Flow Through (M)	84.027X	22-4998-ID		54,206				132,831			132,831	178,856
Subtotal CFDA 84.027			624,277	785,243	902,646		0	796,847	0	0	1,699,493	
Special Education - Preschool IDEA Flow Through (M)	84.173	22-4600-00	17,016	5,351	22,367						22,367	26,585

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Year 7/1/21-6/30/22 (E)	Expenditure/Disbursements ⁴		Year 7/1/22-6/30/23 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)		Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)				
Special Education - Preschool IDEA Flow Through (M)	84.173	23-4600-00		20,848			24,827			24,827	29,475
COVID-19 ARP Preschool IDEA Flow Through (M)	84.173X	22-4998-PS		5,519			14,727			14,727	17,689
Subtotal CFDA 84.173			17,016	31,718	22,367	0	39,554	0	0	61,921	
Total Special Education Cluster			641,293	816,961	925,013	0	836,401	0	0	1,761,414	
Title I - Low Income	84.010	22-4300-00	107,419	73,862	181,281					181,281	512,430
Title I - Low Income	84.010	23-4300-00		228,477			496,696			496,696	568,590
Subtotal CFDA 84.010			107,419	302,339	181,281	0	496,696	0	0	677,977	
Title IVA - Student Support & Academic Enrich	84.424	22-4400-00	10,447	21,702	32,149					32,149	44,238
Title IVA - Student Support & Academic Enrich	84.424	23-4400-00		32,587			32,587			32,587	37,960
Subtotal CFDA 84.424			10,447	54,289	32,149	0	32,587	0	0	64,736	
Title III - Immigrant Education Program (IEP) **	84.365	23-4905-00					8,424			8,424	44,600
Title III - Lang Inst Prog - Limited Eng (LIIPLEP) **	84.365	22-4909-00	99,689	18,613	118,302					118,302	128,597
Title III - Lang Inst Prog - Limited Eng (LIIPLEP) **	84.365	23-4909-00		82,168			96,003			96,003	103,195
Subtotal CFDA 84.365			99,689	100,781	118,302	0	104,427	0	0	222,729	
Title II - Teacher Quality	84.367	22-4932-00	43,667	14,258	57,925					57,925	98,077
Title II - Teacher Quality	84.367	23-4932-00		63,568			64,381			64,381	113,056
Subtotal CFDA 84.367			43,667	77,826	57,925	0	64,381	0	0	122,306	
COVID-19 Elementary and Secondary Emergency Relief Fund (M)	84.425D	21-4998-E2	777,800	173,483	951,283					951,283	956,965
COVID-19 Community Partnership Grants (ESSER II) (M)	84.425	22-4998-CP		216,654			323,529			323,529	323,529
COVID-19 ARP – LEA and COOP American Rescue Plan (M)	84.425U	22-4998-E3	106,177	1,754,460	385,901		1,859,294			2,245,195	2,278,591
COVID-19 ARP - Homeless Children and Youth Grant (M)	84.425W	22-4998-HL		9,552	9,552					9,552	9,552
COVID-19 GEER II - Jumpstart Kindergarten (M)	84.425C	22-4998-JK		40,875	3,912		36,963			40,875	40,875
COVID-19 Digital Equity (M)	84.425	23-4998-D3					68,271			68,271	68,800
COVID-19 Elementary and Secondary Emergency Relief Fund * (M)	84.425D	23-4998-E2		5,412			5,412			5,412	5,412
Subtotal CFDA 84.425			883,977	2,200,436	1,350,648	0	2,293,469	0	0	3,644,117	
Subtotal CFDA "84"			1,786,492	3,552,632	2,665,318	0	3,827,961	0	0	6,493,279	

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Expenditure/Disbursements ⁴		Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)			Year 7/1/21-6/30/22 (E)	Year 7/1/22-6/30/23 (F)					
MEDICAID CLUSTER													
US Department of Health and Family Services													
Passed Through Illinois Department of Health and Family Services:													
Medicaid Administrative Outreach	93.778	22-4991-00	172,249	24,699	196,948							196,948	N/A
Medicaid Administrative Outreach	93.778	23-4991-00		79,570				102,435				102,435	N/A
Subtotal CFDA 93.778			172,249	104,269	196,948		0	102,435		0		299,383	
Total Medicaid Cluster			172,249	104,269	196,948		0	102,435		0		299,383	
Subtotal CFDA "93"			172,249	104,269	196,948		0	102,435		0		299,383	
Total Federal Assistance			2,900,644	4,913,812	4,240,907		0	4,750,569		0		8,991,476	
* 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, 2023

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, 2023. 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, 2023.

NOTE 5 - FEDERAL LOANS

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

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

The District was not the recipient of federally donated PPE during the current fiscal year.

HAWTHORN SCHOOL DISTRICT NO. 73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

- 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 and #10.555; Special Education Cluster, CFDA #84.027, #84.027X, #84.173, and #84.173X; and COVID-19 Elementary and Secondary School Emergency Relief (ESSER), CFDA #84.425D, #84.425U, #84.425W, #84.425C, and #84.425.
 - 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 are required to be reported are detailed in finding numbers 2023-001, 2023-002 and 2023-003.

HAWTHORN SCHOOL DISTRICT NO. 73
34-049-0730-04
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹

2023 - 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, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2023 - 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-SC, 4220-00** 5. CFDA No.: **10.555, 10.553**

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)

For the 3% verification of applications, the District should have a determining official complete and sign the verification form and a confirming official review and sign the verification form.

9. Condition¹⁵

The determining official did not complete the form and did not sign the form for all applications selected.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

3 verification forms were selected from a population of 3.

12. Effect

The District is not in compliance with the completion of the verification forms.

13. Cause

The District did not correctly complete the verification forms.

14. Recommendation

We recommend the District review its processes and make sure the verification forms are completed correctly.

15. Management's response¹⁸

Management will review and implement procedures to ensure the verification forms are completed correctly.

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, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2023 - 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-SC, 4220-00 5. CFDA No.: 10.555, 10.553

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)

For the 3% verifications of applications, the District is required to select error prone applications for households receiving free or reduced lunch as determined by October 1st. They then request documentation on the household income to verify the information provided on the application was correct and the determination does not need to be changed. If the documentation determines the original application determination was incorrect, they are to change the student's status of free or reduced.

9. Condition¹⁵

In a population of 3 error prone applications selected for verification, exceptions were noted on 1 of the applications selected for verification. The 1 verification documentation received determined the student should be changed from reduced lunch to paid lunch and this change was not made.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

3 verification forms were selected from a population of 3.

12. Effect

Student received reduced lunch for the year when they should have paid for lunch.

13. Cause

The District did not correctly determine the free, reduce, or paid status based on documentation received for the verification process.

14. Recommendation

The District should implement procedures to ensure a student's free or reduced lunch status is properly updated during the application verification process.

15. Management's response¹⁸

Management will review and implement procedures to ensure the free or reduced lunch status is properly updated during the application verification process.

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, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2023 - 003** 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported? _____

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

4. Project No.: **4620-00, 4620-EI, 4625-00, 4998-ID,**
4600-00, 4998-PS 5. CFDA No.: **84.027, 84.027X, 84.173, 84.173X**

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

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

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
The District is only allowed to submit an expediture once for the grant to be reimbursed.

9. Condition¹⁵
In a population of over 550 invoices, exceptions were noted in 1 out of 47 invoices tested. The 1 invoice was paid twice and claimed for reimbursement twice.

10. Questioned Costs¹⁶
\$1,400

11. Context¹⁷
47 invoices were selected from a population of over 550

12. Effect
The District was not in compliance with only submitting expenditures for reimbursement once.

13. Cause
The District wrote a check for an invoice that was never received by the vendor and did not clear the bank. They then paid the invoice by credit card and did not void the check. The District submitted both payments as expenditures for reimbursement.

14. Recommendation
We recommend the District review procedures for claiming expenditures to determine expenditures are not claimed multiple times for reimbursement.

15. Management's response¹⁸
Management will implement procedures to ensure an expenditure has cleared the bank before they are claimed as expenditures and remove the expenditure from the grant if they pay in another manner.

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, 2023

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2022-001	During the course of the audit, we determined that the 3% verification of applications was submitted after the due date.	This has been corrected
2002-002	During the course of the audit, we determined that the incorrect meal count was used for claiming meal reimbursements for one month.	This has been corrected

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, 2023

Corrective Action Plan

Finding No.: 2023-001

Condition:

The determining official did not complete the form and did not sign the form for all applications selected.

Plan:

Management will review and implement procedures to ensure the verification forms are completed correctly.

Anticipated Date of Completion: 6/30/2024

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, 2023

Corrective Action Plan

Finding No.: 2023-002

Condition:

In a population of 3 error prone applications selected for verification, exceptions were noted on 1 of the applications selected for verification. The 1 verification documentation received determined the student should be changed from reduced lunch to paid lunch and this change was not made.

Plan:

Management will review and implement procedures to ensure the free or reduced lunch status is properly updated during the application verification process.

Anticipated Date of Completion: 6/30/2024

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, 2023

Corrective Action Plan

Finding No.: 2023-003

Condition:

In a population of over 550 invoices, exceptions were noted in 1 out of 47 invoices tested. The 1 invoice was paid twice and claimed for reimbursement twice.

Plan:

Management will implement procedures to ensure an expenditure has cleared the bank before they are claimed as expenditures and remove the expenditure from the grant if they pay in another manner.

Anticipated Date of Completion: 6/30/2024

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

Management Response: N/A