

**NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3  
NEOGA, ILLINOIS  
ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

**MOSE, YOCKEY, BROWN & KULL, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
SHELBYVILLE, ILLINOIS**

NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Neoga Community Unit School District 3  
Neoga, Illinois

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

***Qualified and Unmodified Opinions***

We have audited Neoga Community Unit School District 3'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 Neoga Community Unit School District 3's major federal programs for the year ended June 30, 2022. Neoga Community Unit School District 3's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on Education Stabilization Fund***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Neoga Community Unit School District 3 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

***Unmodified Opinion on Special Education Cluster***

In our opinion, Neoga Community Unit School District 3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

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

We are required to be independent of Neoga Community Unit School District 3 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 Neoga Community Unit School District 3's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund*

As described in the accompanying schedule of findings and questioned costs, Neoga Community Unit School District 3 did not comply with requirements regarding the Education Stabilization Fund as described in finding number 2022-006 for Equipment and Real Property Management.

Compliance with such requirements is necessary, in our opinion, for Neoga Community Unit School District 3 to comply with the requirements applicable to that program.

***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 Neoga Community Unit School District 3'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 Neoga Community Unit School District 3'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 Neoga Community Unit School District 3'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 Neoga Community Unit School District 3'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 Neoga Community Unit School District 3'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 Neoga Community Unit School District 3'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***

*Government Auditing Standards* requires the auditor to perform limited procedures on Neoga Community Unit School District 3's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Neoga Community Unit School District 3's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Neoga Community Unit School District 3 is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Neoga Community Unit School District 3's corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Neoga Community Unit School District 3's response to the internal control over compliance finding identified in our audit described in the accompanying schedules of findings and questioned costs. Neoga Community Unit School District 3's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the basic financial statements of Neoga Community Unit School District 3 as of and for the year ended June 30, 2022 and have issued our report thereon dated October 13, 2022. Our opinion was adverse because the financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. However, the financial statements were found to be fairly stated on the modified cash basis of accounting in accordance with regulatory reporting requirements prescribed and permitted by the Illinois State Board of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 13, 2022.

The accompanying schedule of expenditures of federal awards- modified cash basis is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards- modified cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mose, Yockey, Brown + Kull, LLC.*

Mose, Yockey, Brown & Kull, LLC  
Certified Public Accountants  
Shelbyville, Illinois

January 24, 2023

**Neoga Community Unit School District 3**  
**Schedule of Expenditures of Federal Awards- Modified Cash Basis**  
**For the Year Ended June 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b>Child Nutrition Cluster-Cluster</b>			
United States Department of Agriculture			
School Breakfast Program	10.553	Illinois State Board of Education,4220	40,912
National School Lunch Program			
National School Lunch Program	10.555	Illinois State Board of Education,Commodity Credit (Non-Cash)	9,976
National School Lunch Program	10.555	U.S. Department of Defense,Fresh Fruits and Vegetables (Non-Cash)	10,992
National School Lunch Program	10.555	Illinois State Board of Education,4210	205,973
Total National School Lunch Program			226,941
Total United States Department of Agriculture			267,853
<b>Total Child Nutrition Cluster-Cluster</b>			
<b>Medicaid Cluster-Cluster</b>			
Department of Health and Human Services			
Medical Assistance Program	93.778	Illinois Department of Healthcare and Family Services,4991	15,127
<b>Special Education Cluster (IDEA)-Cluster</b>			
Department of Education			
Special Education Grants to States	84.027	Illinois State Board of Education,4620	243,142
Special Education Preschool Grants	84.173	Illinois State Board of Education,4600	16,758
Total Special Education Cluster (IDEA)-Cluster			259,900
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	Illinois State Board of Education,4300	152,968
Title I Grants to Local Educational Agencies	84.010	Illinois State Board of Education,4331	19,621
Total Title I Grants to Local Educational Agencies			172,589
Career and Technical Education -- Basic Grants to States	84.048	Eastern Illinois Education for Employment System,4770	21,578
Rural Education	84.358		7,054
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Illinois State Board of Education,4932	17,208
Student Support and Academic Enrichment Program	84.424	Illinois State Board of Education,4400	16,285
Education Stabilization Fund Under The Coronavirus Aid, Relief,And Economic Security Act			
COVID-19: Education Stabilization Fund Under The Coronavirus Aid, Relief,And Economic Security Act	84.425- COVID-19, 84.425D	Illinois State Board of Education,4998- ER & E2	383,946
COVID-19: Education Stabilization Fund Under The Coronavirus Aid, Relief,And Economic Security Act	84.425- COVID-19, 84.425U	Illinois State Board of Education,4998- E3	112,999
Total Education Stabilization Fund Under The Coronavirus Aid, Relief,And Economic Security Act			496,945
Total Department of Education			991,559
Federal Communications Commission			
COVID-19: Emergency Connectivity Fund Program	32.009- COVID-19		44,556
Total Expenditures of Federal Awards			\$ 1,319,095

Reference should be made to the auditor's report regarding this information.

The accompanying notes are an integral part of this schedule.

**NEOGA COMMUNITY UNIT SCHOOL DISTRICT #3**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**  
**Year Ending June 30, 2022**

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Neoga Community Unit School District #3 and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

**Note 2: Indirect Facilities & Administration costs**

Auditee elected to use 10% de minimis cost rate?

YES

X

NO

**Note 3: Subrecipients**

Of the federal expenditures presented in the schedule, Neoga Community Unit School District #3 provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipient
None		

**Note 4: Non-Cash Assistance**

The following amounts were expended in the form of non-cash assistance by Neoga Community Unit School District #3 and should be included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555):

\$9,976

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

\$10,992

Total Non-Cash

**\$20,968**

**Note 5: Other Information**

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

Property

No

Auto

No

General Liability

No

Workers Compensation

No

Loans/Loan Guarantees Outstanding at June 30:

No

District had Federal grants requiring matching expenditures

No



**NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ending June 30, 2022

**SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Adverse  
(Unmodified, Qualified, Adverse, Disclaimer)

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

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

**FEDERAL AWARDS**

**INTERNAL CONTROL OVER MAJOR PROGRAMS:**

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

Type of auditor's report issued on compliance for major programs:

Unmodified & Qualified  
(Unmodified, Qualified, Adverse, Disclaimer<sup>1</sup>)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)?

☐ YES ☒ NO

**IDENTIFICATION OF MAJOR PROGRAMS:**

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM or CLUSTER	AMOUNT OF FEDERAL PROGRAM
84.425- COVID-19, 84.425D & 84.425- COVID-19, 84.425U	Education Stabilization Fund	496,945
84.027 & 84.173	Special Education Cluster	259,900
	<b>Total Amount Tested as Major</b>	<b>\$756,845</b>

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

\$1,319,095

% tested as Major

57.38%

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

☐ YES ☒ NO

**NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2022**

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

1. FINDING NUMBER: **2022- 005** 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?  
Year originally reported?

3. Federal Program Name and Year: **Special Education Cluster (Special Education Preschool Grants)- 2022 & Education Stabilization Fund (ESSER II)- 2021**

4. Project No.: **4600 & 4998- E2** 5. CFDA No.: **84.173 & 84.425- COVID-19, 84.425D**

6. Passed Through: **Illinois State Board of Education**  
7. Federal Agency: **Department of Education**

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Internal controls over compliance for reporting federal expenditures require the review of expenditure reports by someone independent of the preparer before their submission to ensure proper cutoff of expenditures.

9. Condition  
The District's expenditure reports were not reviewed by someone independent of the preparer and the District's June 30, 2022 expenditure reports included expenditures paid subsequent to June 30, 2022.

10. Questioned Costs  
**\$9,750**

11. Context  
This condition occurred on the June 30, 2022 expenditure reports and the questioned costs listed above are not material to the Special Education Cluster or the Education Stabilization Fund.

12. Effect  
The District was reimbursed for expenditures more quickly than they were eligible for reimbursement.

13. Cause  
Despite using the modified cash basis of accounting, the District believed they could claim the expenditures on the June 30, 2022 expenditure report because they were contractually obligated to purchase. However, they did not receive the invoice until subsequent to June 30, 2022.

14. Recommendation  
The District should assign an employee independent of the preparer to review the District's expenditure reports prior to submission to ensure that expenditures are only claimed for reimbursement subsequent to their payment.

15. Management's response  
Management will implement the auditor's recommendation for the year ended June 30, 2023.

**NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2022**

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

<b>1. FINDING NUMBER:</b>	2022- 006	<b>2. THIS FINDING IS:</b>	<input checked="" type="checkbox"/> New	<input type="checkbox"/> Repeat from Prior year?	<input type="text"/> Year originally reported?
<b>3. Federal Program Name and Year:</b>					
Education Stabilization Fund- ESSER II 2021 & ESSER III 2022					
<b>4. Project No.:</b>	4998- E2 & E3	<b>5. CFDA No.:</b>	84.425- COVID-19, 84.425D & 84.425- COVID-19, 84.425U		
<b>6. Passed Through:</b>	Illinois State Board of Education				
<b>7. Federal Agency:</b>	Department of Education				
<b>8. Criteria or specific requirement (including statutory, regulatory, or other citation)</b>					
Equipment and Real Property Management compliance requirements require the District to maintain complete property records for all real property acquired with Federal Funds.					
<b>9. Condition</b>					
The District's property records did not include all equipment purchased with federal funds and the records did not include serial numbers for all the equipment.					
<b>10. Questioned Costs</b>					
None					
<b>11. Context</b>					
The equipment not included in the property records was material to the program and the omission of serial numbers was present for all equipment tested.					
<b>12. Effect</b>					
The District is not in compliance with Equipment and Real Property Management compliance requirements.					
<b>13. Cause</b>					
The District was not aware all serial numbers needed to be included in the property records and mistakenly did not include some equipment in their property records.					
<b>14. Recommendation</b>					
The District should assign an employee independent of the preparer, preferably with knowledge of applicable federal grant expenditures, to review the District's property records on a periodic basis to ensure completeness and adequacy.					
<b>15. Management's response</b>					
Management will implement the auditor's recommendation for the year ended June 30, 2023.					



## Neoga CUSD # 3

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PO Box 280  
Neoga, Illinois 62447  
www.neoga.k12.il.us  
217-775-6049

11-018-0030-26

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

#### Corrective Action Plan

**Finding No.:** 2022- 005

**Condition:** The District's expenditure reports were not reviewed by someone independent of the preparer and the District's June 30, 2022 expenditure reports included expenditures paid subsequent to June 30, 2022.

**Plan:** The District should assign an employee independent of the preparer to review the District's expenditure reports prior to submission to ensure that expenditures are only claimed for reimbursement subsequent to their payment.

**Anticipated Date of Completion:** 06/30/2023

**Name of Contact Person:** Kevin Haarman

**Management Response:** Management will implement the auditor's recommendation for the year ended June 30, 2023.

  
Kevin Haarman, Superintendent

1/19/2023  
Date



## Neoga CUSD # 3

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

#### **Corrective Action Plan**

**Finding No.:** 2022- 006

**Condition:** The District's property records did not include all equipment purchased with federal funds and the records did not include serial numbers for all the equipment.

**Plan:** The District should assign an employee independent of the preparer, preferably with knowledge of applicable federal grant expenditures, to review the District's property records on a periodic basis to ensure completeness and adequacy.

**Anticipated Date of Completion:** 06/30/2023

**Name of Contact Person:** Kevin Haarman

**Management Response:** Management will implement the auditor's recommendation for the year ended June 30, 2023.

**Kevin Haarman, Superintendent**

1/19/2023

**Date**

**NEOGA COMMUNITY UNIT SCHOOL DISTRICT 3**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ending June 30, 2022

<u>Findings Number</u>	<u>Condition</u>	<u>Current Status</u>	<u>Reason</u>	<u>Planned Corrective Actions</u>
2021-001	One employee has access to both physical assets and the related accounting records. One employee is responsible for all phases of accounting transactions.	Repeat Finding 2022-001	The District has operated with the current staffing configuration due to the lack of resources to hire additional District office staff.	None, the District is anticipating having the lack of resources for the foreseeable future.
2021-002	No formal analysis of the profitability of the food service program is being prepared.	Resolved	Not applicable	Not applicable