As part of our audits of the financial statements and compliance of Urbana School District No. 116 as of and for the year ended June 30, 2022, we wish to communicate the following to you.


An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The District’s significant accounting policies are described in Note 1 of the audited financial statements.

The District’s financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America due to the failure to present government-wide financial statements and to display each major fund and aggregate nonmajor funds in the final financial statements.
**Alternative Accounting Treatments**

The District prepared its financial statements on the combined basis and does not present government-wide financial statements or fund financial statements of each major fund and aggregated nonmajor funds, which is a basis of accounting not in conformity with accounting principles generally accepted in the United States of America.

**Management Judgments and Accounting Estimates**

No matters are reportable.

**Significant Unusual Transactions**

No matters are reportable.

**Financial Statement Disclosures**

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Basis of accounting and presentation of financial statements
- Over expenditure of budget or deficit fund balances by certain funds

**Audit Adjustments**

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

The District's cash method of accounting was converted to the modified accrual basis by recording adjustments in the following areas:

- Property tax receivables
- Grant receivables
- Tuition receivables
- Bond issuance costs
- Accounts payable
- Vacation liability and other accrued liabilities

**Auditor’s Judgments About the Quality of the Entity’s Accounting Principles**

The District has chosen to prepare its financial statements on a basis of accounting that does not conform to accounting principles generally accepted in the United States of America.
Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- Management letter dated October 13, 2022 communicating other deficiencies in internal control that are not considered material weaknesses or significant deficiencies
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

This letter is intended solely for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS, LLP

Decatur, Illinois
October 13, 2022
Representation of:
Board of Education
Urbana School District No. 116
1101 E. University Avenue

Provided to:
FORVIS, LLP
Certified Public Accountants
225 N. Water Street, Suite 400
Decatur, IL 62523-2326

The undersigned ("We") are providing this letter in connection with FORVIS' audit of our combined financial statements as of and for the year ended June 30, 2022, and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2022.

Our representations are current and effective as of the date of FORVIS' report: October 13, 2022.

Our engagement with FORVIS is based on our contract for services dated: February 8, 2022.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America. We understand that you will not render an unmodified opinion on the financial statements due to lack of conformity with accounting principles generally accepted in the United States of America regarding our failure to present government-wide financial statements and to display each major fund and aggregating nonmajor funds in the fund financial statements.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract. Except for the GAAP departure resulting from the failure to present government-wide financial statements and to display each major fund and aggregating nonmajor funds in the fund financial statements, the financial statements referred to above are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Outstanding Schools in an Outstanding Community
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
   a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
   b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

4. We have everything we need to keep our books and records.

5. We have provided you with:
   a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   b. Additional information that you have requested from us for the purpose of the audit.
   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
   d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
   e. All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
   a. Misappropriation of assets.
   b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
   a. Management or employees who have significant roles in internal control, or
   b. Others, where activities of others could have a material effect on the financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.

10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
11. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.

13. Except as reflected in the financial statements, there are no:

   a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

   b. Material transactions omitted or improperly recorded in the financial records.

   c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

   d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.

   e. Agreements to purchase assets previously sold.

   f. Restrictions on cash balances or compensating balance agreements.

   g. Guarantees, whether written or oral, under which the entity is contingently liable.

14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

15. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

17. Adequate provisions and allowances have been accrued for any material losses from:

   a. Uncollectible receivables.

   b. Reducing obsolete or excess inventories to estimated net realizable value.

18. Except as disclosed in the financial statements, the entity has:

   a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

20. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

21. With respect to any nonattest services you have provided us during the year, including preparing a draft of the financial statements and related notes, proposing adjustments to convert cash-basis accounting records to accrual-basis accounting records, preparation of the schedule of federal awards and the data collection form:

   a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

   b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

   c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

   d. We have evaluated the adequacy of the services performed and any findings that resulted.

   e. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

22. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

23. With regard to deposit and investment activities:

   a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

   b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

   c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

24. As an entity subject to Government Auditing Standards:

   a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.

e. We have a process to track the status of audit findings and recommendations.

f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

25. With regard to federal awards programs:

a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.

b. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

c. We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.

d. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.

e. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.

f. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
g. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

h. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

i. The costs charged to federal awards are in accordance with applicable cost principles.

j. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.

k. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) regarding cost principles.

l. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

m. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.

n. The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit’s schedule of findings and questioned costs and any uncorrected open findings included in the prior audit’s summary schedule of prior audit findings as of the date of this letter.

o. The reporting package does not contain any protected personally identifiable information.

p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor’s report.

26. With regard to supplementary information:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor’s report are issued.

27. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, that could negatively impact the entity’s ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity’s financial statements. Further, management and governance are solely responsible for all aspects of managing the entity.

Dr. Jennifer Ivory-Tatum, Superintendent

Caty Roland, Chief Financial Officer