ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF ILLINOIS
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44

FINANCIAL AUDIT
For the Year Ended June 30, 2025

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44

TABLE OF CONTENTS

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44

TABLE OF CONTENTS (CONTINUED)

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44

OFFICIALS

Regional Superintendent (current and during the audit period)	Ms. Diana Hartmann
Assistant Regional Superintendent (current and during the audit period)	Mr. Christoher Zielinski

Office is located at:

408 State Route 31
McHenry, Illinois 60050

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL REPORT SUMMARY

The financial audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITOR'S REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	4	4
Repeated audit findings	3	2
Prior recommendations implemented or not repeated	1	1

Details of audit findings are presented in a separate report section.

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
		Findings (Government Auditing Standards)	
2025-001	11	Controls over Financial Statement Preparation	Material Weakness
2025-002	13	Uninsured and Uncollateralized Deposits	Material Weakness
2025-003	14	Inadequate Internal Control Procedures	Significant Deficiency
2025-004	16	Delay of Audit	Noncompliance
		Prior Audit Findings not Repeated (Government Auditing Standards)	
2024-003	22	Noncompliance with Grant Requirements	Material Weakness/ Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 15, 2026. Attending from the Regional Office of Education No. 44 were Diana Hartmann, Regional Superintendent; and from Adelfia LLC were Jennifer Roan and Maria Divina Valera, Partners; and Carl Ong, Manager. Responses to the recommendations were provided by Diana Hartmann, Regional Superintendent, on June 17, 2026.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of McHenry County Regional Office of Education No. 44 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the McHenry County Regional Office of Education No. 44's basic financial statements.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Christopher B. Meister
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2025, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for 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 the McHenry County Regional Office of Education No. 44, 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.

400 E. Randolph Street, Suite 700, Chicago, Illinois 60601 | **T** (312) 240-9500 | **F** (312) 240-0295 | www.adelfiacpas.com

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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 risks 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 the McHenry County Regional Office of Education No. 44'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44's basic financial statements. The modified cash basis combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities – Modified Cash Basis 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 relate 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 modified cash basis combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities – Modified Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44'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 the McHenry County Regional Office of Education No. 44's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE
Chicago, Illinois
June 26, 2026

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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*

Honorable Christopher B. Meister
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise McHenry County Regional Office of Education No. 44's modified cash basis financial statements, and we have issued our report thereon dated June 26, 2026.

Report on Internal Control Over Financial Reporting

Management of the McHenry County Regional Office of Education No. 44 is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered McHenry County Regional Office of Education No. 44's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the modified cash basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of McHenry County Regional Office of Education No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of McHenry County Regional Office of Education No. 44's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses as items 2025-001 through 2025-003, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether McHenry County Regional Office of Education No. 44's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2025-004.

Regional Office of Education No. 44's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the McHenry County Regional Office of Education No. 44's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The McHenry County Regional Office of Education No. 44's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE
Chicago, Illinois
June 26, 2026

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2025

Financial Statements in accordance with Modified Cash Basis

Type of auditor's report issued:	*Unmodified*			
Internal control over financial reporting:				
Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?	✓	yes		none reported
Noncompliance material to financial statements noted?		yes	✓	no

FINDING 2025-001 – Controls over Financial Statement Preparation (Repeat of Findings 24-001, 23-001)

CRITERIA/SPECIFIC REQUIREMENT:

The School Code 105 ILCS 5/2-3.17a allows a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare financial statements for audit. The Regional Office of Education No. 44 (ROE) has chosen to utilize the modified cash basis of accounting for financial reporting. The ROE is required to maintain a system of controls over the preparation of financial statements, in accordance with its selected basis of accounting.

The School Code 105 ILCS 5/3-12 states that all license registration fees and a portion of renewal and duplicate fees shall be kept by the regional superintendent as described in Section 21-16 or 21B-40 of this Code, together with a record of the names of the persons paying them. Such fees shall be deposited into the institute fund and shall be used by the regional superintendent to defray expenses associated with the work of the regional professional development review committees established pursuant to paragraph (2) of subsection (g) of Section 21-14 of this Code to advise the regional superintendent, upon his or her request; to defray expenses connected with improving the technology necessary for the efficient processing of licenses; to defray all costs associated with the administration of teaching licenses; to defray expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the regional superintendent.

CONDITION:

The Regional Office of Education No. 44 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 44 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

During our review of the Regional Office of Education No. 44's financial information, we noted the Regional Office of Education No. 44 improperly reported all Institute Fund related revenue and expenditure activity under the General Fund on the financial statements. As of testing date, the Regional Office of Education No. 44 was unable to determine the appropriate amounts to be reclassified from the General Fund to the Institute Fund.

FINDING 2025-001 – Controls over Financial Statement Preparation (Repeat of Findings 24-001, 23-001) (Concluded)

EFFECT:

The Regional Office of Education No. 44's management or its employees, in the normal course of performing their assigned functions, did not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CAUSE:

Regional Office of Education No. 44 officials indicated the exceptions noted above were due to a misinterpretation of the proper financial reporting of the related transactions.

RECOMMENDATION:

The Regional Office of Education No. 44 should implement comprehensive preparation and/or review procedures as part of their internal control over the preparation of financial statements to ensure the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the basis of accounting selected for financial statements, GASB pronouncements, and knowledge of Regional Office of Education No. 44's activities and operations.

MANAGEMENT'S RESPONSE:

All Institute Fund-related revenue and expenditure activity will be properly reported within the Institute Fund going forward. Prior period adjustments, if necessary, will also be made for incorrect reporting in prior years.

FINDING 2025-002 – Uninsured and Uncollateralized Deposits (Repeat of Finding 24-002)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 44 is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/6 (d)) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institution's trust departments in the Regional Office of Education No. 44's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office of Education No. 44 be adequately covered by depository insurance or collateral.

CONDITION:

The Regional Office of Education No. 44 did not adequately perform formal monitoring procedures of its bank accounts to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The Regional Office of Education No. 44 has three financial institutions with bank balances totaling $2,340,838 as of June 30, 2025, of which $631,067 was uninsured or uncollateralized.

EFFECT:

Failure to adequately monitor and ensure Regional Office of Education No. 44's funds are sufficiently covered by collateral may result in monetary losses to the Regional Office of Education No. 44 in the event of a bank failure.

CAUSE:

The Regional Office of Education No. 44 officials indicated competing priorities prevented them from monitoring the adequacy of the level of the collateral.

RECOMMENDATION:

The Regional Office of Education No. 44 should regularly monitor balances held with financial institutions and secure sufficient pledged collateral. The Regional Office of Education No. 44 should ensure the value of collateral remains adequate for the balance of the Regional Office of Education No. 44's accounts according to the agreement in place.

MANAGEMENT'S RESPONSE:

The Regional Office of Education No. 44 will move funds to a banking institution that provides the necessary collateral.

FINDING 2025-003 – Inadequate Internal Control Procedures

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

CONDITION:

Auditors noted the following deficiencies in the Regional Office of Education No. 44's internal control system for which there were no mitigating controls:

- One of two (50%) payroll reports were missing the date of when the report was reviewed and approved by the Regional Superintendent, therefore we were unable to determine whether the report was properly reviewed before the payroll was processed.
- Eleven of 48 (23%) monthly bank reconciliations were missing the prepared by and date information, therefore we were unable to determine whether the bank reconciliations were prepared timely.

EFFECT:

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

CAUSE:

The Regional Office of Education No. 44's management indicated the exceptions noted in the internal controls were due to schedule and timing conflicts.

RECOMMENDATION:

The Regional Office of Education No. 44 should ensure supporting documentation for receipt transactions are properly maintained; receipts have a documented received date to ensure timely deposits; and bank reconciliations for all bank accounts are performed timely with documentation of date performed.

FINDING 2025-003 – Inadequate Internal Control Procedures (Concluded)

MANAGEMENT'S RESPONSE:

The Regional Office of Education No. 44's accounting system has been transferred to a new accounting software that provides reports noting completed dates for all bank reconciliations. All bank reconciliations are completed by the outside accountant. All payrolls are approved by the Regional Superintendent before payroll is processed. This approval is done via email each pay run; therefore, dates are appropriately documented.

FINDING 2025-004 – Delay of Audit (Repeat of Findings 24-004, 23-003, 22-003, 21-004, 20-004, 19-005 and 18-005)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 44 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The ROE may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen the modified cash basis of accounting for financial reporting.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General.

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

CONDITION:

The Regional Office of Education No. 44 did not provide complete financial statements in an auditable form by August 31, 2025. The preliminary financial statements provided on February 13, 2026 required revisions and the updated financial statements were provided on March 2, 2026.

EFFECT:

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies, including a loss of funding.

FINDING 2025-004 – Delay of Audit (Repeat of Findings 24-004, 23-003, 22-003, 21-004, 20-004, 19-005 and 18-005) (Concluded)

CAUSE:

The Regional Office of Education No. 44's management indicated the delay was due to the additional time needed to ensure that any adjustments from Fiscal Year 2024 would have been properly considered in finalizing the Fiscal Year 2025 financial statements.

RECOMMENDATION:

The Regional Office of Education No. 44 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

MANAGEMENT'S RESPONSE:

Financial statements will be provided in an auditable form by the required due dates going forward.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

FINDING 2025-001 – Controls over Financial Statement Preparation (Repeat of Findings 24-001, 23-001)

CONDITION:

The Regional Office of Education No. 44 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 44 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

During our review of the Regional Office of Education No. 44's financial information, we noted the Regional Office of Education No. 44 improperly reported all Institute Fund related revenue and expenditure activity under the General Fund on the financial statements. As of testing date, the Regional Office of Education No. 44 was unable to determine the appropriate amounts to be reclassified from the General Fund to the Institute Fund.

PLAN:

All Institute Fund-related revenue and expenditure activity will be properly reported within the Institute Fund going forward. Prior period adjustments, if necessary, will also be made for incorrect reporting in prior years.

ANTICIPATED DATE OF COMPLETION:

June 30, 2026

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

FINDING 2025-002 – Uninsured and Uncollateralized Deposits (Repeat of Finding 24-002)

CONDITION:

The Regional Office of Education No. 44 did not adequately perform formal monitoring procedures of its bank accounts to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The Regional Office of Education No. 44 has three financial institutions with bank balances totaling $2,340,838 as of June 30, 2025, of which $631,067 was uninsured or uncollateralized.

PLAN:

The Regional Office of Education No. 44 will move funds to a banking institution that provides the necessary collateral.

ANTICIPATED DATE OF COMPLETION:

Completed as of June 17, 2026

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

FINDING 2025-003 – Inadequate Internal Control Procedures

CONDITION:

Auditors noted the following deficiencies in the Regional Office of Education No. 44's internal control system for which there were no mitigating controls:

- One of two (50%) payroll reports were missing the date of when the report was reviewed and approved by the Regional Superintendent, therefore we were unable to determine whether the report was properly reviewed before the payroll was processed.
- Eleven of 48 (23%) monthly bank reconciliations were missing the prepared by and date information, therefore we were unable to determine whether the bank reconciliations were prepared timely.

PLAN:

The Regional Office of Education No. 44's accounting system has been transferred to a new accounting software that provides reports noting completed dates for all bank reconciliations. All bank reconciliations are completed by the outside accountant. All payrolls are approved by the Regional Superintendent before payroll is processed. This approval is done via email each pay run; therefore, dates are appropriately documented.

ANTICIPATED DATE OF COMPLETION:

Completed as of June 17, 2026

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

FINDING 2025-004 – Delay of Audit (Repeat of Findings 24-004, 23-003, 22-003, 21-004, 20-004, 19-005 and 18-005)

CONDITION:

The Regional Office of Education No. 44 did not provide complete financial statements in an auditable form by August 31, 2025. The preliminary financial statements provided on February 13, 2026 required revisions and the updated financial statements were provided on March 2, 2026.

PLAN:

Financial statements will be provided in an auditable form by the required due dates going forward.

ANTICIPATED DATE OF COMPLETION:

August 31, 2026

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2025

2024-003	Noncompliance with Grant Requirements During the current audit, the Regional Office of Education No. 44 implemented corrective action and internal control procedures were adequate.	Not Repeated

BASIC FINANCIAL STATEMENTS

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 1,979,790	$ 53,974	$ 2,033,764
Total Current Assets	1,979,790	53,974	2,033,764
Noncurrent Assets			
Capital Assets, Net of Depreciation	27,252	-	27,252
Total Noncurrent Assets	27,252	-	27,252
Total Assets	2,007,042	53,974	2,061,016
NET POSITION			
Investment in Capital Assets	27,252	-	27,252
Restricted for Educational Purposes	897,543	-	897,543
Unrestricted	1,082,247	53,974	1,136,221
Total Net Position	$ 2,007,042	$ 53,974	$ 2,061,016

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expenses)/Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instructional Services						
Salaries and Benefits	$ 665,128	$ 166,585	$ 563,934	$ 65,391	$ -	$ 65,391
Purchased Services	558,722	139,935	473,717	54,930	-	54,930
Supplies and Materials	62,132	15,561	52,679	6,108	-	6,108
Depreciation	3,160	-	-	(3,160)	-	(3,160)
Intergovernmental						
Payments to Other Governments	14,138	-	-	(14,138)	-	(14,138)
Administrative						
On-Behalf Payments - State	331,259	-	-	(331,259)	-	(331,259)
On-Behalf Payments - Local	342,013	-	-	(342,013)	-	(342,013)
State Retirement On-Behalf Contributions	149,178	-	-	(149,178)	-	(149,178)
Total Governmental Activities	2,125,730	322,081	1,090,330	(713,319)	-	(713,319)
Business-Type Activities						
Fingerprinting Fees	47,588	66,754	-	-	19,166	19,166
Total Primary Government	$ 2,173,318	$ 388,835	$ 1,090,330	(713,319)	19,166	(694,153)
		General Revenues				
		State Sources		214,536	-	214,536
		On-Behalf Payments - State		331,259	-	331,259
		On-Behalf Payments - Local		342,013	-	342,013
		State Retirement Contributions		149,178	-	149,178
		Miscellaneous Income		27,720	-	27,720
		Investment Earnings		58,674	1,733	60,407
		Total General Revenues		1,123,380	1,733	1,125,113
		Change in Net Position		410,061	20,899	430,960
		Net Position - Beginning		1,596,981	33,075	1,630,056
		Net Position - Ending		$ 2,007,042	$ 53,974	$ 2,061,016

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT C

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Education Fund	Institute Fund	General Education Development Fund	Transportation Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 1,082,247	$ 808,518	$ -	$ 53,871	$ 35,154	$ 1,979,790
LIABILITIES						
None	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES						
Restricted	-	808,518	-	53,871	35,154	897,543
Unassigned	1,082,247	-	-	-	-	1,082,247
Total Fund Balances (Deficit)	1,082,247	808,518	-	53,871	35,154	1,979,790
Total Liabilities and Fund Balances	$ 1,082,247	$ 808,518	$ -	$ 53,871	$ 35,154	$ 1,979,790

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	$ 1,979,790
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	27,252
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,007,042

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT E

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Education Fund	Institute Fund	General Education Development Fund	Transportation Fund	Total Governmental Funds
Revenues						
Federal Sources	$ -	$ 10,352	$ -	$	$ -	$ 10,352
State Sources	52,016	1,239,911	-	-	2,587	1,294,514
Local Sources	220,573	115,350	-	1,440	12,438	349,801
On-Behalf Payments - State	331,259	-	-	-	-	331,259
On-Behalf Payments - Local	342,013	-	-	-	-	342,013
State Retirement Contributions	149,178	-	-	-	-	149,178
Investment Earnings	10,682	45,263	-	1,685	1,044	58,674
Total Revenues	1,105,721	1,410,876	-	3,125	16,069	2,535,791
Expenditures						
Instructional Services						
Salaries and Benefits	107,426	557,702	-	-	-	665,128
Purchased Services	193,681	343,405	-	-	21,636	558,722
Supplies and Materials	3,382	58,750	-	-	-	62,132
Administrative						
On-Behalf Payments - State	331,259	-	-	-	-	331,259
On-Behalf Payments - Local	342,013	-	-	-	-	342,013
State Retirement Contributions	149,178	-	-	-	-	149,178
Intergovernmental						
Payments to Other Governments	-	14,138	-	-	-	14,138
Total Expenditures	1,126,939	973,995	-	-	21,636	2,122,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,218)	436,881	-	3,125	(5,567)	413,221
Other Financing Sources (Uses)						
Transfers In	12,443	391,678	-	-	-	404,121
Transfers Out	(800)	(392,780)	(10,541)	-	-	(404,121)
	11,643	(1,102)	(10,541)	-	-	-
Net Change in Fund Balances	(9,575)	435,779	(10,541)	3,125	(5,567)	413,221
Fund Balances - Beginning	1,091,822	372,739	10,541	50,746	40,721	1,566,569
Fund Balances - Ending	$ 1,082,247	$ 808,518	$ -	$ 53,871	$ 35,154	$ 1,979,790

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	$ 413,221
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	(3,160)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 410,061

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2025

	Business-Type Activities Enterprise Fund
	Fingerprinting Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 53,974
Total Assets	53,974
NET POSITION	
Unrestricted	53,974
Total Net Position	$ 53,974

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities
	Major Enterprise Fund
	Fingerprinting Fund
Operating Revenues	
Charges for Services	$ 66,754
Operating Expenses	
Purchased Services	47,588
Operating Income	19,166
Non-operating Revenues	
Investment Earnings	1,733
Change in Net Position	20,899
Net Position - Beginning	33,075
Net Position - Ending	$ 53,974

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Fund Fingerprinting Fund
Cash Flows from Operating Activities:	
Receipts from Customers	$ 66,754
Payments to suppliers and providers of goods and services	(47,588)
Net cash provided by operating activities	19,166
Cash Flows from Investing Activities:	
Interest Income	1,733
Net cash provided by investing activities	1,733
Net Increase in Cash and Cash Equivalents	20,899
Cash and Cash Equivalents - Beginning	33,075
Cash and Cash Equivalents - Ending	$ 53,974
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income	$ 19,166
Net Cash Provided by (Used For) Operating Activities	$ 19,166

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 89,268
LIABILITIES	
None	-
NET POSITION	
Restricted for Other Purpose	$ 89,268

The accompanying notes to the financial statements are an integral part of this statement.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS	
Collections of state and federal funds from State Board of Education for school districts and other entities	$ 1,350,327
DEDUCTIONS	
Payments to school districts and other entities	1,166,564
CHANGE IN NET POSITION	183,763
NET POSITION - BEGINNING	(94,495)
NET POSITION - ENDING	$ 89,268

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The McHenry County Regional Office of Education No. 44 (ROE) was formed under the provisions of the State of Illinois, Illinois State Board of Education. The McHenry County Regional Office of Education No. 44 operates under the School Code (105 ILCS 5/3 and 5/3A). A Regional Superintendent of Schools serves as Chief Administrative Officer of McHenry County Regional Office of Education No. 44 and is elected to the position for a four-year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the McHenry County Regional Office of Education No. 44's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under their control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the McHenry County Regional Office of Education No. 44, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2025, the McHenry County Regional Office of Education No. 44 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in McHenry County Regional Office of Education No. 44.

The financial statements of the McHenry County Regional Office of Education No. 44 have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

SCOPE OF THE REPORTING ENTITY

The McHenry County Regional Office of Education No. 44 reporting entity includes all related organizations for which they exercise oversight responsibility.

The McHenry County Regional Office of Education No. 44 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the McHenry County Regional Office of Education No. 44, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the McHenry County Regional Office of Education No. 44 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the McHenry County Regional Office of Education No. 44 does not control the assets, operations, or management of the districts or joint agreements. In addition, the McHenry County Regional Office of Education No. 44 is not aware of any entity, which would exercise such oversight as to result in the McHenry County Regional Office of Education No. 44 being considered a component unit of the entity.

BASIS OF PRESENTATION

Government-Wide Statements

The ROE's basic financial statements include both government-wide (reporting the ROE as a whole) and fund financial statements (reporting the ROE's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The Statement of Net Position includes all of the ROE's assets, including capital assets and liabilities in accordance with the modified cash basis of accounting. The ROE first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Concluded

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, such as payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from other funds on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources/uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government–wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, if applicable. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated, if applicable.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

Fund Financial Statements

The financial transactions of the ROE 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 comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in the governmental activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The ROE may electively add funds, as major funds, which have a specific or community focus. The ROE has electively made all governmental funds major type funds.

The various funds are reported within the financial statements. The following fund types are used by the ROE:

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 ROE:

General Fund. The General Fund is the general operating fund of the ROE. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund. The following funds are included in the general fund:

General Fund - It is used to record transactions in connection with general administrative activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

General Fund - Continued

Regional Safe Schools Program - General State Aid (RSSP-GSA) - The RSSP - GSA consists of State funds received for the administration of the Regional Safe Schools Program (RSSP) and for payment of expenses of general operations.

Special Revenue Funds. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE reports four major special revenue funds and no nonmajor special revenue funds. Major special revenue funds include the following:

Education Fund. This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

ROE/ISC Operations - Used to account for monies received for, and payment of, assisting schools in all areas of school improvement.

Regional Safe Schools Program - This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible. This fund was closed during the year with a transfer-in from Regional Safe Schools fund as the ROE no longer has a fiscal agent for this program and runs the program in-house.

Regional Safe Schools Cooperative - This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Regional Safe Schools - This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Elementary and Secondary School Emergency Relief - This program accounts for the proceeds of a grant used to provide educators and parents with professional learning opportunities that drive digital-age learning, integrate technology across subject areas, and help mitigate learning loss due to COVID-19.

Institute Fund. Used to account for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expenses of any general or special meetings of teachers or school personnel, which has been approved. All funds generated remain restricted until expended only on the aforementioned activities. The ROE no longer receives Federal funding related to these activities. The residuals of this fund were transferred to the General Fund to reimburse for expenditures paid by that fund in prior years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Concluded

Fund Financial Statements – Concluded

Special Revenue Funds – Concluded

General Education Development - Used to account for the revenues and expenditures associated with the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon successful completion of the examination. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Transportation - Used to account for the revenues and expenditures incurred in conducting initial and refresher training classes for school bus drivers.

Proprietary Funds

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Fingerprinting Fund - To account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for the proprietary fund.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The principal operating revenues of the ROE are charges for services for fingerprinting.

Fiduciary Funds

Custodial Funds are used to account for assets held by the McHenry County Regional Office of Education No. 44 in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Custodial Funds include the following:

Regional Board of School Trustees – Used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions.

Distributive Fund – Used to account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements report using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined in the next paragraph, while the governmental fund financial statements, as applied to the modified cash basis of accounting, report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due to inclusion of capital assets in the government-wide presentation) a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of accounting refers to when revenues received and expenses or expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The ROE maintains its accounting records for all funds on the modified cash basis of accounting. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions, with the exception of interfund receivables and payables. Their revenues are recognized when they are received, and expenses or expenditures are recognized when paid. Generally accepted accounting principles require the recognition of revenue when it becomes “measurable” and “available” as net current assets and, generally, expenses or expenditures when the related fund liability is incurred.

Under the terms of grant agreements, the ROE funds certain programs by a combination of specific cost-reimbursement grant resources to such programs, and then general revenues. It is the ROE’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE

Cash and Investments

The cash and investment balances of the ROE are valued at cost. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize ROE to make deposits or invest in obligations of states and their political subdivisions, saving accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer’s Investment Pool.

Capital Assets

Capital assets purchased or acquired with an original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Capital assets are long-lived assets of the ROE as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs, such as donations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Concluded

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE – Concluded

Capital Assets – Concluded

The ROE reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Equipment	5 - 10 Years

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Net Position

Net position of the Regional Office of Education is classified as follows:

Investment in Capital Assets - consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of borrowings that are attributable to the acquisition of those assets, if applicable.

Restricted Net Position - consists of restricted assets reduced by liabilities related to those assets.

Unrestricted Net Position - the net amount of assets and liabilities that are not included in the determination of investment in capital assets or the restricted component of net position.

Management Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncements

The ROE has reviewed the Governmental Accounting Standards Board (GASB) Statements that became effective for fiscal year June 30, 2025 and has determined that none of the new Statements were applicable or had an impact on the ROE's financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2025; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2025, a budgetary comparison schedule is presented for the following required grant programs: ROE/ISC Operations, Regional Safe Schools Program, Regional Safe Schools Cooperative, Regional Safe Schools, and Elementary and Secondary School Emergency Relief (Project Year 2024).

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the McHenry County Regional Office of Education No. 44 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Deposits and Investments. At June 30, 2025, the carrying amount of the McHenry County Regional Office of Education No. 44's government-wide and fiduciary deposits were $2,033,764 and $89,268, respectively. Of the total bank balances of $2,340,838, as of June 30, 2025, $255,000 was secured by federal depository insurance, $1,454,771 was invested in Illinois Funds Money Market Fund, and $631,067 was not insured or collateralized.

The Regional Office of Education No. 44's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2025, the Regional Office of Education No. 44 had investments with carrying and net asset values of $1,454,771 invested in the Illinois Funds Money Market Fund.

Credit Risk. At June 30, 2025, the Illinois Funds Money Market Fund had a Fitch's AAAmmf rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk. The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Concluded

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of a financial institution, the ROE will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. At year-end, the Regional Office of Education's investments are fully collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the ROE will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the ROE's investment in the Illinois Fund is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the ROE's investment in a single issuer. The ROE shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity. At year-end, the ROE does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Balances June 30, 2024	Increases	Decreases	Balances June 30, 2025
Governmental Activities:				
Education Fund				
Depreciable Capital Assets				
Equipment	$ 41,772	$ -	$ -	$ 41,772
Less Accumulated Depreciation				
Equipment	11,360	3,160	-	14,520
Governmental Activities Investment in Capital Assets, Net	$ 30,412	$ (3,160)	$ -	$ 27,252

Depreciation expense of $3,160 was charged to the Instruction Services function in the current year.

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. Interfund transfers in/out at June 30, 2025, consist of the following individual transfers in/out to other funds in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis:

	Transfers In	Transfers Out
General Fund	$ 12,443	$ (800)
Education Fund	391,678	(392,780)
Institute Fund	-	(10,541)
	$ 404,121	$ (404,121)

ON-BEHALF PAYMENTS

The breakdown of the on-behalf payments by the State of Illinois for the Regional Superintendent and the Assistant Regional Superintendent of the ROE are as follows:

Regional Superintendent - Salary	$ 135,432
Assistant Regional Superintendent - Salary	121,884
Regional Superintendent - Benefits (includes state paid insurance)	29,063
Assistant Regional Superintendent - Benefits (includes state paid insurance)	44,880
Total On-Behalf Payments - State	$ 331,259

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The ROE recorded the on-behalf payments as both revenues and expenditures in the General Fund.

McHenry County provides the ROE with staff and pay certain expenditures, including pension, on behalf of the Regional Office. The expenditures paid on the ROE's behalf for the year ended June 30, 2025, were as follows:

Salaries, benefits, and expenses	$ 261,816
Value of building space	80,197
Total On-Behalf Payments - Local	$ 342,013

State Retirement Contributions consists of on-behalf payments by the State of Illinois for Teachers Retirement System of $148,722 and Teacher Health Insurance Security Fund of $456.

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the ROE considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The ROE first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Concluded

FUND BALANCE CLASSIFICATIONS – Concluded

Nonspendable Fund Balance - the portion of a Governmental Fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute or donor restrictions: Education Fund (specifically for the ROE/ISC Operations and Regional Safe Schools Program), General Education Development, and Transportation.

Committed Fund Balance - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting an assigned fund balance.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned balance is made up of General Fund.

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the ROE's employees. The ROE has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

The ROE is not involved in any lawsuits at June 30, 2025.

State and Federal Aid Contingencies

The ROE has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS

Illinois Municipal Retirement Fund (IMRF)

Plan Description

Plan Administration. The ROE's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and their beneficiaries. The ROE'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. The report is available for download at www.imrf.org.

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

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 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 10 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.

Contributions. As set by statute, the ROE's Regular Plan Members are required to contribute 4.50% 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 ROE participated starting March 2024. The ROE's annual contribution rates for calendar year 2024 and 2025 were 15.48% and 15.48%, respectively. For the fiscal year ended June 30, 2025, the ROE contributed $4,779 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level.

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Concluded

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.

Because of the use of the modified cash basis of accounting framework in the preparation of these financial statements, the ROE's net pension liability is not reported in the financial statements as a liability. In accordance with the modified cash basis of accounting, pension expenditures are only reported when contributions are paid by the ROE to the plan.

Teachers' Retirement System of the State of Illinois (TRS)

Plan Description

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

TRS issues a publicly available financial report that can be obtained at https://www.trsil.org/financial/acfrs/fy2024; 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 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 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 10 years of creditable service and at the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 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 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent 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 2 annual increases will be the lesser of three percent of the original benefit or one-half percent 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.

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System of the State of Illinois (TRS) – Continued

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 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 are 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 mini-mum 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 percent 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, 2025, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the ROE.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2025, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of $148,722 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2025 were $2,847.

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, ROE 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, 2025, the employer pension contribution was 10.34 percent of salaries paid from federal and special trust funds. For the fiscal year ended June 30, 2025, there were no salaries paid from federal and special trust funds that required employer contributions.

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 ROE is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Concluded

Teachers' Retirement System of the State of Illinois (TRS) – Concluded

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, 2025, the ROE made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

POST EMPLOYMENT BENEFIT COMMITMENTS

Teacher Health Insurance Security Fund (THIS)

Plan Description

The ROE participates in the Teachers' Health Insurance Security (THIS) Fund. The THIS Fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS Fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Illinois Department of Central Management Services (CMS) as of July 1, 2013. The CMS administers the plan with the cooperation of the TRS.

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) outlines the eligibility and benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

A percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-Behalf Contributions to the THIS Fund

The State of Illinois makes employer benefit contributions on behalf of the ROE. For the year ended June 30, 2025, the ROE recognized revenue and expenditures of $456 in THIS contributions from the State of Illinois.

Employer Contributions to the THIS Fund

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.67 percent during the years ended June 30, 2025. For the year ended June 30, 2025, the ROE paid $3,289 to the THIS Fund, which was 100 percent of the required contribution.

NOTE 4 – OTHER INFORMATION – Concluded

POST EMPLOYMENT BENEFIT COMMITMENTS – Concluded

Teacher Health Insurance Security Fund (THIS) – Concluded

Further Information on the THIS Fund

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." Prior reports are available under "Healthcare and Family Services."

LEASE COMMITMENTS

The ROE leases a classroom located at 3913 Mercy Drive, McHenry, Illinois for $5,700 per month. The lease term is from July 1, 2023 to June 30, 2028.

Rent for the year ended June 30, 2025 was $68,400. Future minimum rentals are as follows for the years ending June 30:

2026	$ 68,400
2027	68,400
2028	68,400
	$ 205,200

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2026, the date when the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SCHEDULE 1

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS - MODIFIED CASH BASIS
GENERAL FUND
JUNE 30, 2025

	General Fund	Regional Safe Schools Program- General State Aid	Total General Fund
ASSETS			
Cash and Cash Equivalents	$ 1,082,247	$ -	$ 1,082,247
LIABILITIES			
None	$ -	$ -	$ -
FUND BALANCES			
Unassigned	1,082,247	-	1,082,247
Total Liabilities and Fund Balances	$ 1,082,247	$ -	$ 1,082,247

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Regional Safe Schools Program- General State Aid	Total General Fund
Revenues			
State Sources	$ 52,016	$ -	$ 52,016
Local Sources	220,573	-	220,573
On-Behalf Payments - State	331,259	-	331,259
On-Behalf Payments - Local	342,013	-	342,013
State Retirement Contributions	149,178	-	149,178
Investment Earnings	10,682	-	10,682
Total Revenues	1,105,721	-	1,105,721
Expenditures			
Instructional Services			
Salaries and Benefits	107,426	-	107,426
Purchased Services	193,681	-	193,681
Supplies and Materials	3,382	-	3,382
Administrative			
On-Behalf Payments - State	331,259	-	331,259
On-Behalf Payments - Local	342,013	-	342,013
State Retirement Contributions	149,178	-	149,178
Total Expenditures	1,126,939	-	1,126,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,218)	-	(21,218)
Other Financing Sources (Uses)			
Transfers In	12,443	-	12,443
Transfers Out	-	(800)	(800)
	12,443	(800)	11,643
Net Change in Fund Balances	(8,775)	(800)	(9,575)
Fund Balances - Beginning	1,091,022	800	1,091,822
Fund Balances - Ending	$ 1,082,247	$ -	$ 1,082,247

SCHEDULE 3

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS - MODIFIED CASH BASIS
EDUCATION FUND
JUNE 30, 2025

	ROE/ISC Operations	Regional Safe Schools Program	Regional Safe Schools Cooperative	Regional Safe Schools	Elementary and Secondary School Emergency Relief (PY 2024)	Total Education Fund
ASSETS						
Cash and Cash Equivalents	$ 224,363	$ -	$ -	$ 584,155	$ -	$ 808,518
LIABILITIES						
None	$ -	$ -	$ -	$ -	$ -	$ -
FUND BALANCES						
Restricted	224,363	-	-	584,155	-	808,518
Total Fund Balances (Deficit)	224,363	-	-	584,155	-	808,518
Total Liabilities and Fund Balances	$ 224,363	$ -	$ -	$ 584,155	$ -	$ 808,518

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2025

	ROE/ISC Operations	Regional Safe Schools Program	Regional Safe Schools Cooperative	Regional Safe Schools	Elementary and Secondary School Emergency Relief (PY 2024)	Total Education Fund
Revenues						
Federal Sources	$ -	$ -	$ -	$ -	$ 10,352	$ 10,352
State Sources	477,869	-	46,845	715,197	-	1,239,911
Local Sources	-	-	-	115,350	-	115,350
Investment Earnings	9,960	-	-	35,304	-	45,263
Total Revenues	487,829	-	46,845	865,850	10,352	1,410,876
Expenditures						
Instructional Services						
Salaries and Benefits	239,293	-	46,845	271,564	-	557,702
Purchased Services	217,280	-	-	126,125	-	343,405
Supplies and Materials	14,912	-	-	43,838	-	58,750
Intergovernmental						
Payments to Other Governments	-	-	-	14,138	-	14,138
Total Expenditures	471,484	-	46,845	455,665	-	973,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,344	-	-	410,185	10,352	436,881
Other Financing Sources (Uses)						
Transfers In	-	391,678	-	-	-	391,678
Transfers Out	-	-	-	(391,678)	(1,102)	(392,780)
	-	391,678	-	(391,678)	(1,102)	(1,102)
Net Change in Fund Balances	16,344	391,678	-	18,507	9,250	435,779
Fund Balances - Beginning	208,019	(391,678)	-	565,648	(9,250)	372,739
Fund Balances - Ending	$ 224,363	$ -	$ -	$ 584,155	$ -	$ 808,518

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Budget		
	Original	Final	Actual
Revenues			
State Sources	$ 477,869	$ 477,869	$ 477,869
Investment Earnings	-	-	9,960
	477,869	477,869	487,829
Expenditures			
Instructional Services			
Salaries and Benefits	244,500	237,692	239,293
Purchased Services	203,369	217,134	217,280
Supplies and Materials	30,000	23,043	14,912
Total Expenditures	477,869	477,869	471,484
Net Change in Fund Balance	$ -	$ -	16,344
Fund Balance - Beginning			208,019
Fund Balance - Ending			$ 224,363

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

	Budget		
	Original	Final	Actual
Revenues	$ -	$ -	$ -
Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	-	-	391,678
Net Change in Fund Balance	$ -	$ -	391,678
Fund Balance - Beginning			(391,678)
Fund Balance - Ending			$ -

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS COOPERATIVE
FOR THE YEAR ENDED JUNE 30, 2025

	Budget		
	Original	Final	Actual
Revenues			
State Sources	$ 46,845	46,845	$ 46,845
Expenditures			
Instructional Services			
Salaries and Benefits	46,845	46,845	46,845
Net Change in Fund Balance	$ -	$ -	-
Fund Balance - Beginning			-
Fund Balance - Ending			$ -

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025

	Budget		
	Original	Final	Actual
Revenues			
State Sources	$ 714,797	$ 714,797	$ 715,197
Local Sources	-	-	115,350
Investment Earnings	-	-	35,304
	714,797	714,797	865,850
Expenditures			
Instructional Services			
Salaries and Benefits	360,461	284,927	271,564
Purchased Services	129,200	124,921	126,125
Supplies and Materials	11,000	90,813	43,838
Intergovernmental			
Payments to Other Governments	-	-	14,138
Total Expenditures	500,661	500,661	455,665
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	214,136	214,136	410,185
Other Financing Sources (Uses)			
Transfers Out	-	-	(391,678)
Net Change in Fund Balance	$ 214,136	$ 214,136	18,507
Fund Balance - Beginning			565,648
Fund Balance - Ending			$ 584,155

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
(PROJECT YEAR 2024)
FOR THE YEAR ENDED JUNE 30, 2025

	Budget		
	Original	Final	Actual
Revenues			
Federal Sources	$ -	$ -	$ 10,352
Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	10,352
Other Financing Sources (Uses)			
Transfers Out	-	-	(1,102)
Net Change in Fund Balance	$ -	$ -	9,250
Fund Balance - Beginning			(9,250)
Fund Balance - Ending			$ -

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
CUSTODIAL FUNDS
JUNE 30, 2025

	Regional Board of School Trustees	Distributive Fund	Totals
ASSETS			
Cash and Cash Equivalents	$ 1,311	$ 87,957	$ 89,268
LIABILITIES			
None	-	-	-
NET POSITION			
Restricted for Other Purpose	$ 1,311	$ 87,957	$ 89,268

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Regional Board of School Trustees	Distributive Fund	Total
ADDITIONS			
Collections of state and federal funds from State Board of Education for school districts and other entities	$ -	$ 1,350,327	$ 1,350,327
DEDUCTIONS			
Payments to school districts and other entities	-	1,166,564	1,166,564
CHANGE IN NET POSITION	-	183,763	183,763
NET POSITION - BEGINNING	1,311	(95,806)	(94,495)
NET POSITION - ENDING	$ 1,311	$ 87,957	$ 89,268

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES - MODIFIED CASH BASIS
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	McHenry County Co-op
CTE - Perkins - Secondary	$ 346,404
Career & Technical Education Improvement	820,160
	$ 1,166,564