



**STATE OF ILLINOIS  
ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1**

**FINANCIAL AUDIT  
For the Year Ended June 30, 2020**

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1**

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**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1**

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**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1**

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**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Ms. Jill Reis

Assistant Regional Superintendent  
(current and during the audit period)

Ms. Julie Stratman

Office is located at:

507 Vermont Street, Suite 104  
Quincy, Illinois 62301

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
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**

<b><u>Number of</u></b>	<b><u>This Audit</u></b>	<b><u>Prior Audit</u></b>
Audit findings	2	-
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	-	-

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

**SUMMARY OF FINDINGS AND RESPONSES**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<i>Findings (Government Auditing Standards)</i>			
2020-001	11	Inadequate Controls Over Bank Reconciliation Process	Significant Deficiency
2020-002	13	Inadequate Controls Over Receipts	Significant Deficiency

***Prior Audit Findings not Repeated (Government Auditing Standards)***

None

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
FINANCIAL REPORT SUMMARY**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on December 2, 2020. Attending from the Regional Office of Education No. 1 were Jill Reis, Regional Superintendent; Heather Factor, Bookkeeper; and from Adelfia LLC was Maria Divina Valera, Partner. Responses to the recommendations were provided by Jill Reis, Regional Superintendent, on February 1, 2021. The Regional Office did not request a formal exit conference at this time.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's basic financial statements.



## INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions, Teachers’ Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net Other Postemployment Benefit Liability and Schedule of Employer Contributions, and Western Area School Health Benefit Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 70 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021 on our consideration of the Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1'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 Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1'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 Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
March 15, 2021



**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 Frank J. Mautino  
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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1’s basic financial statements, and have issued our report thereon dated March 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1’s internal control. Accordingly, we do not express an opinion on the effectiveness of Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Regional Office of Education No. 1's Responses to Findings

Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's responses were not subjected to the 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 Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1'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 Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
March 15, 2021

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 SCHEDULE OF FINDINGS AND RESPONSES  
 SECTION I – SUMMARY OF AUDITOR’S RESULTS  
 For the Year Ended June 30, 2020**

**Financial Statements in accordance with GAAP**

Type of auditor’s report issued:

*Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes     \_\_\_\_\_ no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes    \_\_\_\_\_ no

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes     \_\_\_\_\_ no

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-001 - Inadequate Controls Over Bank Reconciliation Process**

**CRITERIA/SPECIFIC REQUIREMENT:**

Effective internal control policies require complete and accurate accounting records of all transactions of the entity. Sound internal controls require bank reconciliations to be performed accurately and promptly. Reconciling items should be investigated immediately, and adjustments made to the general ledger. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

**CONDITION:**

The Regional Office of Education No. 1 maintains 11 bank accounts. During our audit, we noted that in seven bank accounts, monthly reconciliations were not performed timely for five out of twelve months. 26 of 100 monthly bank reconciliations (26 percent) were reconciled more than a month late.

**EFFECT:**

Failure to prepare bank reconciliations on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Delay in the preparation of bank reconciliations renders this internal control procedure ineffective for immediately detecting irregularities and inaccuracies in the financial records.

**CAUSE:**

Regional Office of Education No. 1 Officials indicated bank reconciliations for July 2019 and August 2019 were delayed because they had to wait for the adjustments from their consultant to rollover the Fiscal Year 2019 ending balances in their accounting system. Additionally, due to the COVID pandemic, the monthly bank reconciliations from March 2020 to May 2020 were not completed until June 2020, due to varied staff schedules during such time.

**RECOMMENDATION:**

The Regional Office of Education No. 1 should prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is correct and cash transactions are fully accounted for. The Regional Office of Education No. 1 should cross-train employees to avoid untimely processing of bank reconciliations, have a written policy on monthly performance of bank reconciliations, and identify alternative procedures to manage emergency situations.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-001 - Inadequate Controls Over Bank Reconciliation Process (Continued)**

**MANAGEMENT’S RESPONSE:**

The data transfer of moving to a new accounting system and the COVID-19 pandemic created challenges that resulted in monthly bank reconciliations not being completed in a timely manner.

Management accepts this finding and will cross-train additional employees and identify alternative procedures to manage emergency situations.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-002 - Inadequate Controls Over Receipts**

**CRITERIA/SPECIFIC REQUIREMENT:**

Sound internal controls require policy on timeliness of deposits, either based on dollar threshold or defined timeframe, from date of receipt.

**CONDITION:**

The Regional Office of Education No. 1 did not document the date of cash receipts. During our audit, we used the dates of the checks received to determine timeliness of deposit. We noted 14 of 40 receipts tested (35 percent), totaling \$207,256, were not timely deposited, ranging from 2 to 71 days late.

**EFFECT:**

Failure to ensure the timely deposit of cash receipts could result in a compromise of internal controls, increases the risk of potential loss, and loss of interest income. Furthermore, without adequate supporting documentation, there is no trail to determine timeliness of deposit.

**CAUSE:**

Regional Office of Education No. 1 Officials indicated the exceptions noted were because they have not formally documented their deposit policy, which includes timing of deposit and required supporting documentation such as receipt date.

**RECOMMENDATION:**

The Regional Office of Education No. 1 should implement controls and maintain adequate supporting documentation to ensure cash receipts are deposited in a timely manner.

**MANAGEMENT'S RESPONSE:**

Management accepts this finding and will implement controls to maintain adequate supporting documentation to ensure cash receipts are deposited in a timely manner.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2020**

**CORRECTIVE ACTION PLAN**

**FINDING 2020-001 - Inadequate Controls Over Bank Reconciliation Process**

**CONDITION:**

The Regional Office of Education No. 1 maintains 11 bank accounts. During our audit, we noted that in seven bank accounts, monthly reconciliations were not performed timely for five out of twelve months. 26 of 100 monthly bank reconciliations (26 percent) were reconciled more than a month late.

**PLAN:**

The Regional Office of Education No. 1 will prepare monthly bank reconciliations on a timely basis. The Regional Office of Education No. 1 will cross-train additional employees to avoid untimely processing of bank reconciliations, revise the written policy on monthly performance of bank reconciliations, and identify alternative procedures to manage emergency situations.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2021

**CONTACT PERSON:**

Honorable Jill Reis, Regional Superintendent of Schools

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2020**

**CORRECTIVE ACTION PLAN (Continued)**

**FINDING 2020-002 – Inadequate Controls Over Receipts**

**CONDITION:**

The Regional Office of Education No. 1 did not document the date of cash receipts. During our audit, we used the dates of the checks received to determine timeliness of deposit. We noted 14 of 40 receipts tested (35 percent), totaling \$207,256, were not timely deposited, ranging from 2 to 71 days late.

**PLAN:**

The Regional Office of Education No. 1 will implement controls and maintain adequate supporting documentation to ensure cash receipts are deposited in a timely manner.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2021

**CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:**

Honorable Jill Reis, Regional Superintendent of Schools

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
For the Year Ended June 30, 2020**

There were no prior audit findings.

## BASIC FINANCIAL STATEMENTS

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,944,396	\$ 185,665	\$ 2,130,061
Accounts receivable	178	150	328
Due from other governments	339,115	1,731	340,846
Investments	72,894	-	72,894
Total current assets	<u>2,356,583</u>	<u>187,546</u>	<u>2,544,129</u>
Noncurrent assets:			
Capital assets, being depreciated, net	53,466	10,644	64,110
Total noncurrent assets	<u>53,466</u>	<u>10,644</u>	<u>64,110</u>
<b>TOTAL ASSETS</b>	<u>2,410,049</u>	<u>198,190</u>	<u>2,608,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	132,800	-	132,800
Deferred outflows related to OPEB	113,089	-	113,089
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>245,889</u>	<u>-</u>	<u>245,889</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	42,808	-	42,808
Compensated absences	6,031	-	6,031
Due to other governments	45,743	1,569	47,312
Unearned revenue	260,039	-	260,039
Total current liabilities	<u>354,621</u>	<u>1,569</u>	<u>356,190</u>
Noncurrent liabilities:			
Net pension liability	112,581	-	112,581
OPEB liabilities	476,108	-	476,108
Compensated absences	6,149	-	6,149
Total noncurrent liabilities	<u>594,838</u>	<u>-</u>	<u>594,838</u>
<b>TOTAL LIABILITIES</b>	<u>949,459</u>	<u>1,569</u>	<u>951,028</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	295,595	-	295,595
Deferred inflows related to OPEB	68,936	-	68,936
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>364,531</u>	<u>-</u>	<u>364,531</u>
<b>NET POSITION</b>			
Investment in capital assets	53,466	10,644	64,110
Restricted for educational purposes	578,525	-	578,525
Unrestricted	709,957	185,977	895,934
<b>TOTAL NET POSITION</b>	<u>\$ 1,341,948</u>	<u>\$ 196,621</u>	<u>\$ 1,538,569</u>

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,336,723	\$ -	\$ 898,277	\$ (438,446)	\$ -	\$ (438,446)
Pension expense	110,425	-	59,227	(51,198)	-	(51,198)
OPEB expense	205,924	-	-	(205,924)	-	(205,924)
Purchased services	623,383	13,723	493,559	(116,101)	-	(116,101)
Supplies and materials	117,350	895	108,583	(7,872)	-	(7,872)
Other objects	34,401	44,153	3,948	13,700	-	13,700
Depreciation and disposition losses	17,874	-	-	(17,874)	-	(17,874)
Capital outlay	-	-	5,923	5,923	-	5,923
Intergovernmental:						
Payments to other governments	874,459	895	404,718	(468,846)	-	(468,846)
Administrative:						
On-behalf payments - Local	42,201	-	-	(42,201)	-	(42,201)
On-behalf payments - State	494,320	-	-	(494,320)	-	(494,320)
Total Governmental Activities	\$ 3,857,060	\$ 59,666	\$ 1,974,235	\$ (1,823,159)	\$ -	\$ (1,823,159)
Business-Type Activities:						
Charges for services	48,512	53,203	-	-	4,691	4,691
Total Business-Type Activities	48,512	53,203	-	-	4,691	4,691
TOTAL PRIMARY GOVERNMENT	\$ 3,905,572	\$ 112,869	\$ 1,974,235	\$ (1,823,159)	\$ 4,691	\$ (1,818,468)
GENERAL REVENUES:						
Local sources				379,711	-	379,711
State sources				870,376	-	870,376
On-behalf payments - Local				42,201	-	42,201
On-behalf payments - State				494,320	-	494,320
Investment earnings				12,610	1,002	13,612
Gain (loss) on asset disposition				(164)	-	(164)
Total General Revenues				1,799,054	1,002	1,800,056
CHANGE IN NET POSITION				(24,105)	5,693	(18,412)
NET POSITION - BEGINNING				1,443,925	113,056	1,556,981
RECLASSIFICATION (NOTE 16)				(77,872)	77,872	-
NET POSITION - ENDING				\$ 1,341,948	\$ 196,621	\$ 1,538,569

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	Special Revenue			Eliminations	Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,130,648	\$ 501,063	\$ 312,685	\$ -	\$ 1,944,396
Accounts receivable	178	-	-	-	178
Due from other funds	248,235	-	-	(248,235)	-
Due from other governments	27,836	309,989	1,290	-	339,115
Investments	64,989	-	7,905	-	72,894
Total assets	1,471,886	811,052	321,880	(248,235)	2,356,583
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>\$ 1,471,886</u>	<u>\$ 811,052</u>	<u>\$ 321,880</u>	<u>\$ (248,235)</u>	<u>\$ 2,356,583</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 42,358	\$ 250	\$ 200	\$ -	\$ 42,808
Due to other funds	-	248,235	-	(248,235)	-
Due to other governments	60	45,683	-	-	45,743
Unearned revenue	-	260,039	-	-	260,039
Total liabilities	42,418	554,207	200	(248,235)	348,590
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	861	47,149	160	-	48,170
<b>FUND BALANCE</b>					
Restricted	-	256,835	321,520	-	578,355
Assigned	51,893	-	-	-	51,893
Unassigned	1,376,714	(47,139)	-	-	1,329,575
Total fund balance	1,428,607	209,696	321,520	-	1,959,823
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
	<u>\$ 1,471,886</u>	<u>\$ 811,052</u>	<u>\$ 321,880</u>	<u>\$ (248,235)</u>	<u>\$ 2,356,583</u>

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2020**

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$ 1,959,823
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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.	53,466
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred inflows of resources in the governmental funds. Current year unavailable revenue	48,170
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Liability for compensated absences	\$ (12,180)
IMRF net pension liability	(88,580)
TRS net pension liability	(24,001)
THIS net OPEB liability	(260,173)
WAS total OPEB liability	(215,935)
	(600,869)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:	
IMRF Deferred outflows of resources	108,392
IMRF Deferred inflows of resources	(284,163)
TRS Deferred outflows of resources	24,408
TRS Deferred inflows of resources	(11,432)
THIS Deferred outflows of resources	113,089
THIS Deferred inflows of resources	(68,936)
	(118,642)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,341,948
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The notes to the financial statements are an integral part of this statement.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

	Special Revenue				Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	
<b>REVENUES</b>					
Local sources	\$ 386,650	\$ 459,869	\$ 52,156	\$ -	\$ 898,675
On-behalf payments - Local	42,201	-	-	-	42,201
State sources	870,376	910,320	2,633	-	1,783,329
On-behalf payments - State	293,431	-	-	-	293,431
Federal sources	-	610,750	-	-	610,750
Investment earnings	10,010	1,242	1,358	-	12,610
Total revenues	<u>1,602,668</u>	<u>1,982,181</u>	<u>56,147</u>	<u>-</u>	<u>3,640,996</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	449,056	899,032	-	-	1,348,088
Pension expense	29,517	57,672	-	-	87,189
OPEB expense	161	1,940	-	-	2,101
Purchased services	121,777	495,784	5,822	-	623,383
Supplies and materials	7,284	110,066	-	-	117,350
Other objects	10,384	3,957	20,060	-	34,401
Intergovernmental:					
Payments to other governments	469,014	405,445	-	-	874,459
Administrative:					
On-behalf payments - Local	42,201	-	-	-	42,201
On-behalf payments - State	293,431	-	-	-	293,431
Capital outlay	4,019	4,950	-	-	8,969
Total expenditures	<u>1,426,844</u>	<u>1,978,846</u>	<u>25,882</u>	<u>-</u>	<u>3,431,572</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>175,824</u>	<u>3,335</u>	<u>30,265</u>	<u>-</u>	<u>209,424</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	10,739	-	(10,739)	-
Transfers out	(10,739)	-	-	10,739	-
Total other financing sources (uses)	<u>(10,739)</u>	<u>10,739</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	165,085	14,074	30,265	-	209,424
<b>FUND BALANCE - BEGINNING</b>	1,341,394	195,622	291,255	-	1,828,271
<b>RECLASSIFICATION (NOTE 16)</b>	(77,872)	-	-	-	(77,872)
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,428,607</u>	<u>\$ 209,696</u>	<u>\$ 321,520</u>	<u>\$ -</u>	<u>\$ 1,959,823</u>

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020**

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 209,424

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.

Capital outlay	\$ 8,969	
Depreciation and disposition losses	<u>(18,038)</u>	(9,069)

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Prior year unavailable revenue	(56,936)	
Current year unavailable revenue	<u>48,170</u>	(8,766)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(6,387)	
TRS and IMRF pension expense	(23,236)	
THIS and WAS OPEB expense	<u>(186,071)</u>	<u>(215,694)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (24,105)

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-Type Activities Proprietary Funds	
	Nonmajor Enterprise Funds	Total
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 185,665	\$ 185,665
Accounts receivable	150	150
Due from other governments	1,731	1,731
Total current assets	187,546	187,546
Noncurrent assets:		
Capital assets, being depreciated, net	10,644	10,644
Total noncurrent assets	10,644	10,644
TOTAL ASSETS	198,190	198,190
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
None	-	-
<b>LIABILITIES</b>		
Current liabilities:		
Due to other governments	1,569	1,569
Total current liabilities	1,569	1,569
TOTAL LIABILITIES	1,569	1,569
<b>DEFERRED INFLOWS OF RESOURCES</b>		
None	-	-
<b>NET POSITION</b>		
Invested in capital assets	10,644	10,644
Unrestricted	185,977	185,977
TOTAL NET POSITION	\$ 196,621	\$ 196,621

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-Type Activities Proprietary Funds	
	Nonmajor Enterprise Funds	Total
OPERATING REVENUES		
Charges for services	\$ 53,203	\$ 53,203
Total operating revenues	53,203	53,203
OPERATING EXPENSES		
Salaries and benefits	1,538	1,538
Purchased services	43,536	43,536
Supplies and materials	2,142	2,142
Depreciation	1,296	1,296
Total operating expenses	48,512	48,512
OPERATING INCOME	4,691	4,691
NONOPERATING REVENUE (EXPENSE)		
Investment earnings	1,002	1,002
Total nonoperating revenue (expense)	1,002	1,002
CHANGE IN NET POSITION	5,693	5,693
TOTAL NET POSITION - BEGINNING	113,056	113,056
RECLASSIFICATION (NOTE 16)	77,872	77,872
TOTAL NET POSITION - ENDING	\$ 196,621	\$ 196,621

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-Type Activities Proprietary Funds	
	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 55,502	\$ 55,502
Payments to suppliers and providers of goods and services	(40,707)	(40,707)
Payments to employees	(1,538)	(1,538)
Net Cash Provided by Operating Activities	<u>13,257</u>	<u>13,257</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(9,056)	(9,056)
Net Cash Used in Capital and Related Financing Activities	<u>(9,056)</u>	<u>(9,056)</u>
Cash Flows from Investing Activities:		
Interest income	1,002	1,002
Net Cash Provided by Investing Activities	<u>1,002</u>	<u>1,002</u>
Net increase in cash and cash equivalents	5,203	5,203
Cash and cash equivalents - Beginning	<u>180,462</u>	<u>180,462</u>
Cash and cash equivalents - Ending	<u>\$ 185,665</u>	<u>\$ 185,665</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,691	\$ 4,691
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,296	1,296
(Increase)/Decrease in assets:		
Accounts receivable	360	360
Due from other governments	3,139	3,139
Prepaid expenses	4,129	4,129
Increase/(Decrease) in liabilities:		
Accounts payable	(494)	(494)
Due to other governments	1,336	1,336
Unearned revenue	(1,200)	(1,200)
Net cash provided by operating activities	<u>\$ 13,257</u>	<u>\$ 13,257</u>

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2020**

	<u>Agency Fund</u>
	<u>School Facility Occupation Tax</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,119
Due from other governments	<u>1,335,143</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,339,262</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 1,339,262</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,339,262</u></u>

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

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2020, the Regional Office of Education No. 1 implemented Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* and applicable sections of GASB No. 92, *Omnibus 2020*. The implementation of these standards did not have a significant effect on the Regional Office of Education No. 1's financial statements.

The global pandemic, coronavirus disease (COVID-19), has resulted in significant business disruptions due to mandated temporary work stoppages, limitations on travel, limitations on the size and duration of group meetings, and employee absences. In light of the pandemic, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates for certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**A. DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through March 15, 2021, the date on which the financial statements were available to be issued.

**B. FINANCIAL REPORTING ENTITY**

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; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping 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 Regional Office of Education No. 1's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. FINANCIAL REPORTING ENTITY (Concluded)**

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 within the region are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region or seeing 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, 2020, the Regional Office of Education No. 1 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 Regional Office of Education No. 1. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Regional Office of Education No. 1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education No. 1 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, 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 Regional Office of Education No. 1 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 criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 1 being considered a component unit of the entity.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education No. 1's nonfiduciary activities of the primary government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education No. 1 has three business-type activities that rely on fees and charges for services.

The Regional Office of Education No. 1's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education No. 1 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 1's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function 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 operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and 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. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. PROPRIETARY FUND FINANCIAL STATEMENTS**

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 each major proprietary fund and nonmajor funds aggregated.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

**F. GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

**G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

The governmental funds financial statements focus on the measurement of spending, or “financial flow,” and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education No. 1; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Adams, Brown, Cass, Morgan, Pike, and Scott Counties Regional Office of Education No. 1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education No. 1’s policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education No. 1 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education No. 1 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 1 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 1 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 1 and is used to account for financial resources in the Region except those required to be accounted for and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.

Lafayette Academy – This program serves students with attendance problems and/or dropouts. The program provides a full-time option for regular school attendance and offers modified instructional programs and other services designed to prevent students from dropping out of school.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Dental Sealants Fund – This fund is to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

Pike County Film Coop – This fund was financed in prior years by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

Major 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 or capital projects. 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:

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Adams, Calhoun, Greene, Cass, and Morgan Counties.

Truants Alternative and Optional Education – This program provides truancy prevention programs and services for monitoring truants.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Lunch Program – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe School Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

Child and Family Connections – This program for preschool children with disabilities is funded by the Department of Human Services.

Tracy National Institute for School Leadership – This program provides school leadership training through the National Institute for School Leadership and is funded by a grant from the Tracy Family Foundation and a corporate donation.

Schools Against Fearful Environment (SAFE) – This program provides drug-free programs from the Sheriff’s Department to local school districts.

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.

Math Blast – This program provides weekly math problem-solving opportunities for students in partnership with local grocery stores.

Early Childhood Education Initiative – This program is intended to have a learning impact on preschool age children to increase their ability to succeed in school.

Foundational Services – Provides ISBE developed and approved content to local school districts. Services are provided through professional development workshops, targeted networking sessions, and technical assistance.

Reading: A Healthy Start – By partnering with medical providers, this program seeks to develop critical early reading skills in children and encourages families to read together.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Tracy Partners to Lead – This is a grant from the Tracy Family Foundation used to support the Partners to Lead project, which aims to increase principal effectiveness in high need schools.

Adams County Academic Success Initiative – This privately funded grant initiative is designed to assist schools in meeting five key goals: students perform on grade level, students regularly attend school, students graduate from high school, students improve test scores, and parents are more involved in their child’s education. The main focus has been on the 7 Habits of Highly Effective People and the annual Quincy Conference.

Supporting Effective Educator Development – This federal grant is focused on increasing principal effectiveness in areas that lead to increases in student achievement in rural, suburban, or urban schools.

Education Innovation and Research Grant – This federal grant is focused on increasing principal effectiveness in areas that lead to increases in student achievement, particularly in rural and high-need schools.

IL-Empower – This program promotes collaboration and peer-to-peer learning as vehicles for educator-led and state-supported school improvement.

Tracy Teacher Appreciation – This private local foundation grant focuses on Educator Appreciation.

Elementary and Secondary School Relief Grant – This federal grant program provides emergency relief funds to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have on schools.

The Regional Office of Education No. 1 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. 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 to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education No. 1 reports the following enterprise funds:

The Regional Office of Education No. 1 reports the following nonmajor enterprise funds:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator's academy.

Testing Center – This fund is used to account for the activity of the new testing center located at the Regional Office of Education No. 1.

Fingerprinting – This fund accounts for the activity of criminal background checks.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education No. 1 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education No. 1 reports the following agency fund:

School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education No. 1 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education No. 1 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following nonmajor special revenue funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds. The following Education Fund accounts are restricted by grantor or donor restrictions: Early Childhood Education Initiative, Reading: A Healthy Start, and Adams County Academic Success Initiative.

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. The Regional Office of Education No. 1 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: School Directory, Lafayette Academy, Dental Sealants Fund, and Pike County Film Coop.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are unassigned: General Operations, General State Aid, Miscellaneous Fund, Copier Fund, and Postage Fund. The following Education Fund accounts have an unassigned fund deficit: Schools Against Fearful Environment (SAFE), Regional Office of Prevention Effectiveness Services (ROPES), and Educating Innovation and Research Grant.

J. NET POSITION

Equity is classified as net position and displayed in three components:

Investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education No. 1 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2020, cash and cash equivalents consisted of cash on deposit and invested in the Illinois Funds Money Market Fund.

L. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost in the government-wide financial statements. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND RELATING LIABILITIES**

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental funds consist of grant receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension and OPEB liabilities that will reduce pension and OPEB expense in future years.

Pensions – For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and Teachers’ Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF’s and TRS’ fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the Regional Office of Education No. 1’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 1’s OPEB Plan and additions to/deductions from the Regional Office of Education No. 1’s fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 1’s Plan. For this purpose, the Regional Office of Education No. 1’s Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. Prior to June 14, 2018, up to ten days of accumulated vacation time was allowed to be carried forward. Effective June 14, 2018 the vacation policy was amended. New employees will not be allowed to carry over vacation days nor will unused vacation days be paid out at the end of the year or upon termination. Employees with carryover balances from prior years will not be able to carryover additional vacation days starting on June 14, 2018; the only carryover allowed is their balance as of the prior year that has not been used subsequent to that date. The allowed carryover will be paid as of the date of termination.

In response to circumstances due to COVID-19, Regional Office of Education No. 1 enacted a temporary vacation policy that allows employees to rollover up to 50% of unused fiscal year 2020 vacation days as of April 30, 2020. Those days may be rolled over and used anytime in fiscal year 2021.

Employee vacation pay is recorded when paid. At June 30, 2020, the liability for unused vacation days was \$12,180, and is shown on the Statement of Net Position.

A full-time employee is entitled to two personal leave days per year. Any unused personal leave days may be rolled into sick days at the end of the fiscal year. Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

P. BUDGET INFORMATION

The Regional Office of Education No. 1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets.

Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Regional Safe Schools Cooperative, Education Innovation and Research Grant, Supporting Effective Educator Development, and Elementary and Secondary School Relief Grant.

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NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education No. 1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

**A. DEPOSITS**

At June 30, 2020, the carrying amount of the Regional Office of Education No. 1's government-wide and agency fund deposits were \$2,130,061 and \$4,119, respectively, and the bank balances were \$2,432,675 and \$4,119, respectively. Of the total bank balances as of June 30, 2020, \$507,820 was insured by Federal Depository Insurance Corporation and \$1,928,974 was collateralized by securities pledged by the Regional Office of Education No. 1's financial institution in the name of the Regional Office.

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education No. 1's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

**B. INVESTMENTS**

The Regional Office of Education No. 1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq.

As of June 30, 2020, the Regional Office of Education No. 1's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$72,894 shown as investments for governmental activities.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

**CREDIT RISK**

At June 30, 2020, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM 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 provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**CONCENTRATION OF CREDIT RISK**

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**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 Funds 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 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased.

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2020:

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**NOTE 3 – CAPITAL ASSETS (Concluded)**

	Balance				Balance
	June 30, 2019	Reclassifications	Additions	Deletions	June 30, 2020
Governmental Activities					
Capital assets being depreciated:					
Office furniture	\$ 32,662	\$ -	\$ 1,500	\$ -	\$ 34,162
Office equipment	184,266	(24,215)	7,469	(1,379)	166,141
	<u>216,928</u>	<u>(24,215)</u>	<u>8,969</u>	<u>(1,379)</u>	<u>200,303</u>
Less accumulated depreciation:					
Office furniture	(22,607)	-	(1,751)	-	(24,358)
Office equipment	(131,786)	24,215	(16,123)	1,215	(122,479)
	<u>(154,393)</u>	<u>24,215</u>	<u>(17,874)</u>	<u>1,215</u>	<u>(146,837)</u>
Governmental Activities -					
Investment in Capital Assets	<u>\$ 62,535</u>	<u>\$ -</u>	<u>\$ (8,905)</u>	<u>\$ (164)</u>	<u>\$ 53,466</u>
Business-Type Activities					
Capital assets being depreciated:					
Office equipment	\$ 4,245	\$ 24,215	\$ 9,056	\$ (24,215)	\$ 13,301
Less accumulated depreciation:					
Office equipment	(1,361)	(24,215)	(1,296)	24,215	(2,657)
Business-Type Activities -					
Investment in Capital Assets	<u>\$ 2,884</u>	<u>\$ -</u>	<u>\$ 7,760</u>	<u>\$ -</u>	<u>\$ 10,644</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$17,874 and \$1,296 was charged to Instructional Services in the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2020. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

**NOTE 4 – LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	<u>Balance, Beginning</u>			<u>Balance, End of</u>	<u>Due Within One</u>
	<u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Year</u>	<u>Year</u>
Governmental activities:					
Net pension liability	\$ 579,276	\$ -	\$ 466,695	\$ 112,581	\$ -
OPEB liabilities	315,147	160,961	-	476,108	-
Compensated absences	<u>5,793</u>	<u>31,669</u>	<u>25,282</u>	<u>12,180</u>	<u>6,031</u>
Total	<u>\$ 900,216</u>	<u>\$ 192,630</u>	<u>\$ 491,977</u>	<u>\$ 600,869</u>	<u>\$ 6,031</u>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
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NOTE 5 – DEFINED-BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education No. 1's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 1's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. 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 Comprehensive Annual 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](http://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.

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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Employees Covered by Benefit Terms**

As of December 31, 2019, the following employees were covered by the benefit terms:

	<b><u>IMRF</u></b>
Retirees and beneficiaries currently receiving benefits	36
Inactive plan members entitle to but not yet receiving benefits	40
Active plan members	<u>21</u>
Total	97

**Contributions**

As set by statute, the Regional Office of Education No. 1’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 1’s annual contribution rate for calendar year 2019 was 9.17%. For the fiscal year ended 2020, the Regional Office of Education No. 1 contributed \$76,381 to the plan. The Regional Office of Education No. 1 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education No. 1’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- For non-disabled retirees, an IMRF-specific **Mortality** table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Actuarial Assumptions (Concluded)**

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Equities	37%	5.75%
International Equities	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	
Private Equity		7.60%
Hedge Funds		N/A
Commodities		3.60%
Cash Equivalent	1%	1.85%
Total	100%	

**Single Discount Rate**

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Single Discount Rate (Concluded)**

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2018</b>	\$ 4,535,520	\$ 3,969,606	\$ 565,914
<b>Changes for the year:</b>			
Service Cost	78,921	-	78,921
Interest on the Total Pension Liability	321,630	-	321,630
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	38,169	-	38,169
Changes of Assumptions	-	-	-
Contributions - Employer	-	66,998	(66,998)
Contributions - Employees	-	33,695	(33,695)
Net Investment Income	-	819,568	(819,568)
Benefit Payments, Including Refunds	(284,315)	(284,315)	-
Other (Net Transfer)	-	(4,207)	4,207
<b>Net Changes</b>	<u>154,405</u>	<u>631,739</u>	<u>(477,334)</u>
<b>Balances at December 31, 2019</b>	<u>\$ 4,689,925</u>	<u>\$ 4,601,345</u>	<u>\$ 88,580</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
<b>Net Pension Liability (Asset)</b>	\$ 644,935	\$ 88,580	\$ (361,098)

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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ending June 30, 2020, the Regional Office of Education No. 1 recognized pension expense of \$111,980. At June 30, 2020, the Regional Office of Education No. 1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 32,198	\$ -
Net difference between projected and actual earnings on pension plan investments	-	284,163
Change of assumptions	31,290	-
Employer contributions subsequent to the measurement date	44,904	-
<b>Total</b>	<b><u>\$ 108,392</u></b>	<b><u>\$ 284,163</u></b>

\$44,904 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
2020	\$ (25,573)
2021	(74,577)
2022	(13,205)
2023	(107,320)
Total	<b><u>\$ (220,675)</u></b>

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education No. 1 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option2.

**Benefits provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

Tier II 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 last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 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 II 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II 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.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 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, 2019, 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 Regional Office of Education No. 1.

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 1. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 1 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 1, and the Regional Office of Education No. 1 recognized revenue and expenditures of \$185,458 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, 2020, were \$1,348 and are deferred because they were paid after the June 30, 2019, measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 1, there is a statutory requirement for the Regional Office of Education No. 1 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, Regional Office of Education No. 1 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, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$88,740 were paid from federal and special trust funds that required employer contributions of \$9,460. These contributions are deferred because they were paid after the June 30, 2019 measurement date.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**Contributions (Concluded)**

**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. Regional Office of Education No. 1 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.

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, 2020, the Regional Office of Education No. 1 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, and no payments for sick leave days granted in excess of the normal annual allotment.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Regional Office of Education No. 1 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Regional Office of Education No. 1's proportionate share of the net pension liability	\$ 24,001
State's proportionate share of the net pension liability associated with the Regional Office of Education No. 1	1,708,106
<b>Total</b>	<u>\$ 1,732,107</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The Regional Office of Education No. 1’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the Regional Office of Education No. 1’s proportion was .0000295910 percent, which was an increase of .0000124479 percent from its proportion measured as of June 30, 2018.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)**

For the year ended June 30, 2020, the Regional Office of Education No. 1 recognized pension expense of \$185,458 and revenue of \$185,458 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 1 recognized pension income of \$1,555. At June 30, 2020, the Regional Office of Education No. 1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 394	\$ -
Net difference between projected and actual earnings on pension plan investments	38	-
Change of assumptions	538	461
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,630	10,971
Employer contributions subsequent to the measurement date	10,808	-
<b>Total</b>	<b>\$ 24,408</b>	<b>\$ 11,432</b>

\$10,808 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

**Year Ended June 30:**

2021	\$ 487
2022	(422)
2023	211
2024	1,140
2025	752
	<b>\$ 2,168</b>

**Actuarial assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50 percent
<b>Salary Increase</b>	varies by amount of service credit
<b>Investment rate of return</b>	7.00 percent, net of pension plan investment expense, including inflation

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**Actuarial assumptions (Concluded)**

In the June 30, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. equities large cap	15.0%	6.30%
U.S. equities small/mid cap	2.0	7.7
International equities developed	13.6	7.0
Emerging market equities	3.4	9.5
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.0
International debt developed	2.2	1.1
Emerging international debt	2.6	4.4
Real estate	16.0	5.2
Real return	4.0	1.8
Absolute return	14.0	4.1
Private equity	15.0	9.7
<b>Total</b>	<u>100%</u>	

**Discount Rate**

At June 30, 2019, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
(Concluded)

**Discount Rate (Concluded)**

Based on those assumptions, TRS’s fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Regional Office of Education No. 1’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 1’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	<b>1% Decrease</b> (6.00%)	<b>Current Discount Rate</b> (7.00%)	<b>1% Increase</b> (8.00%)
Regional Office of Education No. 1's proportionate share of the net pension liability	\$ 29,315	\$ 24,001	\$ 19,632

**TRS fiduciary net position**

Detailed information about the TRS’s fiduciary net position as of June 30, 2019, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

**THIS Plan Description**

The Regional Office of Education No. 1 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 post-employment 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 Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers’ Retirement System (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 Illinois Department of Central Management Services (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 retiree health insurance contributions on behalf of the Regional Office of Education No. 1. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 1 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 1, and recognized revenue and expenditures of \$15,431 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Regional Office of Education No. 1 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2020, and 0.92 and 0.88 percent during the years ended June 30, 2019 and 2018, respectively. For the year ended June 30, 2020, the Regional Office of Education No. 1 paid \$2,101 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the Regional Office of Education No. 1 paid \$2,126 and \$1,229 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

**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.”

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 projected to the measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014. Key changes include increase in salary scale assumption, retirement rates adjusted based on service, rates of termination were decreased, rates of disability were decreased, mortality table was updated to reflect experience and mortality improvement scales, discount rates and healthcare trend assumptions were updated, the excise tax trend was updated based on available premium and enrollment information, per capita claim costs were updated and healthcare plan participation was updated based upon observed experience.

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

**Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity’s index’s “20-year Municipal GO AA Index” has been selected. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

**Sensitivity of the employer’s proportionate share of the collective net OPEB liability to changes in the discount rate**

The following presents the Regional Office of Education No. 1’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	<b>1% Decrease</b> (2.13%)	<b>Current Discount</b> <b>Rate</b> (3.13%)	<b>1% Increase</b> (4.13%)
<b>ROE’s proportionate share of the collective net OPEB liability</b>	\$ 312,816	\$ 260,173	\$ 218,587

**Sensitivity of the employer’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates**

The following table shows the Regional Office of Education No. 1’s net OPEB liability as of June 30, 2019, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<b>1% Decrease <sup>a</sup></b>	<b>Healthcare Cost</b> <b>Trend Rates</b>	<b>1% Increase <sup>b</sup></b>
<b>ROE’s proportionate share of the collective net OPEB liability</b>	\$ 210,195	\$ 260,173	\$ 327,664

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

**Sensitivity of the employer’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates** (Continued)

<sup>a</sup> *One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate rate of 3.81% in 2027 for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.*

<sup>b</sup> *One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.*

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.**

At June 30, 2020, the Regional Office of Education No. 1 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 1. The amount recognized by the Regional Office of Education No. 1 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 1 were as follows:

Employers proportionate share of the collective net OPEB liability	\$ 260,173
State’s proportionate share of the collective net OPEB liability associated with the employer	352,378
<b>Total</b>	<b>\$ 612,551</b>

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019 measurement date. The Regional Office of Education No. 1’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 1’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 1, actuarially determined. At June 30, 2019, the Regional Office of Education No. 1’s proportion was 0.000940 percent, which was an increase of 0.000416 from its proportion measured as of June 30, 2018 (0.000524 percent). The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2020, the Regional Office of Education No. 1 recognized OPEB expense of \$15,431 and revenue of \$15,431 for support provided by the State. For the year ending June 30, 2020, the Regional Office of Education No. 1 recognized OPEB expense of \$20,365. At June 30, 2020, the Regional Office of Education No. 1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,317
Net difference between projected and actual earnings on OPEB plan investments	-	9
Change of assumptions	99	29,824
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,889	34,786
Employer contributions subsequent to the measurement date	<u>2,101</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 113,089</u></b>	<b><u>\$ 68,936</u></b>

\$2,101 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 1 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 1’s OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
2021	\$ 3,581
2022	3,581
2023	3,582
2024	3,583
2025	5,780
Thereafter	<u>21,945</u>
Total	<b><u>\$ 42,052</u></b>

**THIS fiduciary net position**

Detailed information about the THIS’ fiduciary net position as of June 30, 2019, is available in the separately issued THIS financial report.

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB)

**Plan Description**

The Regional Office of Education No. 1 provides a single-employer defined benefit OPEB plan by participating in the Western Area School Health Benefit Plan (the WAS Plan) as a member of the Western Area School Association. Benefit terms can be amended by WAS at any time. All full time, permanent employees and their spouses are eligible to participate in the plan and have the option to continue participation upon retirement. The WAS Plan is funded through the Western Area School Employee Benefit Trust, which is a trust that does not meet the criteria in paragraph 4 of statement 75 due to contributions made to the plan being revocable.

**Eligibility Provisions**

*Full-Time Employees - IMRF*

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

*Full-Time Employees - TRS*

Tier I TRS Full-Time employees:

- Age 55 with at least 20 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 10 years of service (Full Pension)
- Age 62 with at least 5 years of service (Full Pension)

Tier II TRS Full-Time employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 67 with at least 10 years of service (Full Pension)

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Benefits Provided**

The Regional Office of Education No. 1 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. Benefits for the WAS Plan include Medical and prescription drug benefits under PPO and HAS plans. IMRF and TRS employees may continue health insurance in retirement; however, they are responsible for paying the full cost of the medical premium. Eligible spouse/dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse/dependent is responsible for the full cost of coverage. Additional coverage is also provided for dental, vision and life insurance. IMRF and TRS employees may continue dental and vision insurance through Western Area School Benefit Plan; however, they are responsible for paying the full cost of the insurance premium. IMRF and TRS employees may convert their life insurance policy to a policy directly through Western Area School Benefit Plan, with the Regional Office of Education No. 1 no longer involved. They are responsible for paying the full cost of the life insurance premium.

**Membership**

At June 30, 2020 membership consisted of:

Inactive employees currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	21
Total	21

**Funding Policy and Contributions**

Benefits are paid by the WAS Plan for Medical, prescription drug, dental, vision and life benefits as they occur. The total OPEB liabilities are currently an unfunded obligation.

The employer contributions and benefit payments are related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

The contributions of \$17,752 from other Regional Office of Education No. 1 resources and benefit payments of \$17,752 from other Regional Office of Education No. 1 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

**Total OPEB Liability**

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2018 actuarial valuation date and adjusted to the June 30, 2020 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Actuarial Assumptions**

Discount Rate used for the Total OPEB Liability	2.21%
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded
Long-Term Inflation Expectation	2.25%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.21%
Salary Increases	The salary increase assumption of 2.50% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Premiums	Premiums charged for coverage of retiree and spouse are \$9,636 and \$11,784, respectively with a \$1,000 deductible. Premiums charged for coverage of retiree and spouse are \$9,312 and \$9,684, respectively with a \$2,000 deductible. Premiums charged for coverage of retiree and spouse are \$8,748 and \$7,392, respectively with a HSA \$3,000 deductible.
Healthcare Trend Rates	Initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2020, trend starts at 6.63% (PPO Plans) and 6.71% (HSA Plan) and gradually decreases to an ultimate trend of 5.00%.

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. TRS Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with White Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates and weighted based on the TRS June 30, 2017 Actuarial Valuation.

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 75.

For any active IMRF or TRS participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there is 1 participant impacted by this assumption.

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 75.

The probability of working to the assumed retirement age was determined based on the underlying termination rates pursuant to the Alternative Measurement Method for GASB 75.

The following are the changes in assumptions for the July 30, 2020 measurement date:

- Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.
- The assumed long-term inflation expectation has been decreased from 2.50% to 2.25%.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2019</b>	\$ 177,216
<b>Changes for the period:</b>	
Service Cost	25,586
Interest Cost	5,890
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	24,995
Benefit Payments	(17,752)
<b>Net Change</b>	<b>38,719</b>
<b>Balance at June 30, 2020</b>	<b>\$ 215,935</b>

**Discount Rate**

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Regional Office of Education No. 1, then only the municipal bond rate is used in determining the total OPEB liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the total OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the total OPEB liability associated with those payments.

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

Projected benefit payments are determined during the valuation process based on the assumptions. The expected contributions are based on the funding policy of the plan.

**Municipal Bond Rate**

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of the year rate is the June 27, 2019 rate, and the end of year rate is the June 25, 2020 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody’s Aa2 and Standard & Poor’s AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yield of the bonds.

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.

**Sensitivity of the Discount Rate**

The following presents the Regional Office of Education No. 1’s total OPEB liability calculated using a discount rate of 2.21%, as well as what the ROE’s total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<b>1% Decrease</b> (1.21%)	<b>Current Discount</b> <b>Rate</b> (2.21%)	<b>1% Increase</b> (3.21%)
<b>ROE’s total OPEB liability</b>	\$ 239,617	\$ 215,935	\$ 196,004

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NOTE 8 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Concluded)

**Sensitivity of the Healthcare Trend Rates**

The following presents the Regional Office of Education No. 1’s total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 6.63% (PPO Plans) and 6.71% (HSA Plan) in 2020 decreasing to an ultimate trend rate of 5.0% (PPO and HSA Plans) in 2028.

	<b>1% Decrease</b>		<b>Healthcare Cost Trend Rates</b>		<b>1% Increase</b>
	(Varies)		(Varies)		(Varies)
<b>ROE’s total OPEB liability</b>	\$ 189,981		\$ 215,935		\$ 246,798

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ending June 30, 2020, the Regional Office of Education No. 1 recognized OPEB expense of \$185,559. At June 30, 2020 the Regional Office of Education No. 1 reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

NOTE 9 – COMPENSATED ABSENCES

The Regional Office of Education No. 1 allows vacation time for employees to be accumulated. Upon termination employees receive pay for unused vacation earned. The Regional Office of Education No. 1 records a liability associated with compensated absences. At June 30, 2020, the balance in this account was \$12,180.

	<b>June 30,</b>			<b>June 30,</b>
	<b><u>2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>2020</u></b>
Governmental Funds:	\$ 5,793	\$ 31,669	\$ 25,282	\$ 12,180

NOTE 10 – RISK MANAGEMENT

The Regional Office of Education No. 1 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education No. 1 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

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NOTE 11 – OPERATING LEASES

The Regional Office of Education No. 1 leased office space from July 1, 2019 through June 30, 2020 at 510 Main Street, Quincy, Illinois, for \$800 per month. Office space is rented at 651 South Morgan, Virginia, Illinois, for \$500 per year. The lease term began on June 1, 2018 and ended on June 30, 2020. Office space is also leased in Jacksonville, Illinois at 747 West Lafayette Street and 110 North West Street for \$1,667 and \$500, respectively on a month-to-month basis. The Regional Office entered into a lease agreement for office space in Pittsfield, Illinois from October 1, 2019 through September 21, 2021 with monthly rent of \$500. In addition, the Regional Office leases office equipment under multiple agreements with varying end dates. Outstanding office equipment leases as of June 30, 2020 are for phone system with a monthly rent of \$168 per month and lease term ending October 1, 2020 and postage meter for \$70 per month from December 20, 2017 through March 20, 2023.

Total office lease expense was \$36,600 and equipment lease expense was \$5,736 for the year ended June 30, 2020. Future minimum rentals are as follows for the years ending June 30:

2021	\$	7,344
2022		2,340
2023		<u>630</u>
Total	\$	<u><u>10,314</u></u>

NOTE 12 – INTERFUND ACTIVITY

**DUE TO/FROM OTHER FUNDS**

Interfund due to/from other fund balances at June 30, 2020, consist of the following individual due to/from other funds in the governmental fund Balance Sheet. These balances, primarily made to cover cash deficits within pooled cash accounts as of June 30, 2020, were eliminated in the government-wide Statement of Net Position.

	Due from Other Funds	Due to Other Funds
General Fund	\$ 248,235	\$ -
Education Fund	<u>-</u>	<u>248,235</u>
	<u><u>\$ 248,235</u></u>	<u><u>\$ 248,235</u></u>

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NOTE 12 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Transfers are generally made to provide supplemental funding or to 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, 2020, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, transactions between governmental and business-type activities have not been eliminated.

	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,739
Education Fund	10,739	-
	\$ 10,739	\$ 10,739

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 1’s General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Funds, and Agency Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund	
Local Governments	\$ 27,836
Education Fund	
Local Governments	291,328
Illinois State Board of Education	18,661
Nonmajor Special Revenue Funds	
Local Governments	1,290
Proprietary Funds	
Local Governments	1,731
Agency Fund	
Local Governments	1,335,143
Total Due from Other Governments	\$ 1,675,989

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
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NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

General Fund	
Local Governments	\$          60
Education Fund	
Local Governments	45,683
Proprietary Funds	
Local Governments	1,569
Agency Fund	
Local Governments	<u>1,339,262</u>
Total Due to Other Governments	<u><u>\$    1,386,574</u></u>

NOTE 14 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education No. 1:

Regional Superintendent Salary	\$ 119,832
Assistant Regional Superintendent Salary	107,844
Regional Superintendent Benefits (includes State-paid insurance)	33,241
Assistant Regional Superintendent Benefits (includes State-paid insurance)	<u>32,514</u>
Total	<u><u>\$ 293,431</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as State on-behalf revenue and expenditures.

Regional Office of Education No. 1 also recorded \$200,889 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense and THIS OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 1 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$    293,431
ROE No. 1’s share of TRS pension expense	185,458
ROE No. 1’s share of THIS pension expense	<u>15,431</u>
Total	<u><u>\$    494,320</u></u>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
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NOTE 14 – ON-BEHALF PAYMENTS (Concluded)

Adams County provides office space to the Regional Office of Education No. 1 at no charge. The Regional Office of Education recognizes this activity by recording On-behalf payments – Local revenue and On-behalf expenditures – Local expense. For the year ended June 30, 2020, this activity amounted to \$42,201.

NOTE 15 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2020:

<u>Fund</u>	<u>Amount</u>
Regional Office of Prevention Effectiveness Services (ROPES)	\$ (21,154)
Schools Against Fearful Environment (SAFE)	\$ (23,715)
Education Innovation and Research Grant	\$ (2,270)

NOTE 16 – RECLASSIFICATION

During fiscal year 2020 the Regional Office of Education No. 1 reclassified the fingerprinting fund from the governmental General Fund to a nonmajor proprietary fund in order to better reflect the presentation of the activity. The following was the impact from that change:

	General Fund	Nonmajor Proprietary Fund
	Fingerprinting	Fingerprinting
Fund Balance - Previously Reported	\$ 77,872	\$ -
Effect of reclassification	(77,872)	77,872
Fund Balance - After Reclassification	<u>\$ -</u>	<u>\$ 77,872</u>
	Governmental Activities	Business-Type Activities
Net Position - Previously Reported	\$ 1,443,925	\$ 113,056
Effect of reclassification	(77,872)	77,872
Fund Balance - After Reclassification	<u>\$ 1,366,053</u>	<u>\$ 190,928</u>

NOTE 17 - IMPACT OF COVID-19 PANDEMIC

As a result of the COVID-19 pandemic, economic uncertainties have arisen which may negatively impact the operations and financial condition of the Regional Office of Education No. 1. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued. The Regional Office of Education No. 1 continued to function efficiently while their staff were sheltered at home due to the pandemic from March until June 2020. All full-time staff are no longer working remotely. If the pandemic continues for longer than anticipated, it is possible that their revenue stream for the year 2021 could be negatively impacted. However, management of the Regional Office of Education No. 1 has no such expectation at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**LAST SIX CALENDAR YEARS**

Calendar Year Ended December 31,	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service Cost	\$ 78,921	\$ 75,511	\$ 66,339	\$ 64,303	\$ 77,295	\$ 57,403
Interest on the Total Pension Liability	321,630	311,037	305,795	289,058	261,090	144,347
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	38,169	38,878	49,003	87,852	241,986	(188,384)
Changes of Assumptions	-	117,324	(128,773)	-	-	72,028
Benefit Payments, including Refunds of Employee Contributions	(284,315)	(226,357)	(227,763)	(210,378)	(191,559)	(73,531)
<b>Net Change in Total Pension Liability</b>	<u>154,405</u>	<u>316,393</u>	<u>64,601</u>	<u>230,835</u>	<u>388,812</u>	<u>11,863</u>
<b>Total Pension Liability - Beginning</b>	<u>4,535,520</u>	<u>4,219,127</u>	<u>4,154,526</u>	<u>3,923,691</u>	<u>3,534,879</u>	<u>1,931,691</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 4,689,925</u>	<u>\$ 4,535,520</u>	<u>\$ 4,219,127</u>	<u>\$ 4,154,526</u>	<u>\$ 3,923,691</u>	<u>\$ 1,943,554</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 66,998	\$ 104,618	\$ 93,798	\$ 37,847	\$ 69,353	\$ 52,978
Contributions - Employees	33,695	33,037	31,014	30,577	28,955	21,872
Net Investment Income	819,568	(154,684)	606,097	281,663	20,523	132,988
Benefit Payments, including Refunds of Employee Contributions	(284,315)	(226,357)	(227,763)	(210,378)	(191,559)	(73,531)
Other (Net Transfer)	(4,207)	(3,029)	(3,278)	(4,035)	(2,887)	(1,755)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>631,739</u>	<u>(246,415)</u>	<u>499,868</u>	<u>135,674</u>	<u>(75,615)</u>	<u>132,552</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,969,606</u>	<u>4,216,021</u>	<u>3,716,153</u>	<u>3,580,479</u>	<u>3,656,094</u>	<u>2,042,995</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 4,601,345</u>	<u>\$ 3,969,606</u>	<u>\$ 4,216,021</u>	<u>\$ 3,716,153</u>	<u>\$ 3,580,479</u>	<u>\$ 2,175,547</u>
<b>Net Pension Liability (Asset) - Ending (A) - (B)</b>	<u>\$ 88,580</u>	<u>\$ 565,914</u>	<u>\$ 3,106</u>	<u>\$ 438,373</u>	<u>\$ 343,212</u>	<u>\$ (231,993)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	98.11%	87.52%	99.93%	89.45%	91.25%	111.94%
<b>Covered Payroll</b>	\$ 730,625	\$ 734,164	\$ 689,187	\$ 679,482	\$ 643,447	\$ 486,036
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	12.12%	77.08%	0.45%	64.52%	53.34%	-47.73%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST SIX FISCAL YEARS**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 76,381	\$ 76,381	\$ -	\$ 698,513	10.93%
2019	88,174	88,174	-	756,859	11.65%
2018	99,340	99,340	-	712,759	13.94%
2017	64,765	64,765	-	670,397	9.66%
2016	47,496	47,536	(40)	610,251	7.79%
2015	65,187	66,690	(1,503)	616,106	10.82%

**Notes to Schedule:**

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate\****

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2019 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF-specific Mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2020†**

	FY19*	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000295910%	0.0000171431%	0.0000282265%	0.0000297649%	0.0000297649%	0.0000411928%
Employer's proportionate share of the net pension liability	\$ 24,001	\$ 13,362	\$ 21,564	\$ 26,125	\$ 19,499	\$ 25,069
State's proportionate share of the net pension liability associated with the employer	1,708,106	915,365	1,130,310	1,309,941	1,164,346	1,149,995
<b>Total</b>	<b>\$ 1,732,107</b>	<b>\$ 928,727</b>	<b>\$ 1,151,874</b>	<b>\$ 1,336,066</b>	<b>\$ 1,183,845</b>	<b>\$ 1,175,064</b>
Employer's covered payroll	\$ 231,054	\$ 139,637	\$ 135,916	\$ 161,750	\$ 247,109	\$ 180,642
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.4%	9.6%	15.9%	16.2%	7.9%	13.9%
Plan fiduciary net position as a percentage of the total pension liability	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

\*The amounts presented were determined as of the prior fiscal-year end.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2020†**

	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 10,784	\$ 9,910	\$ 809	\$ 1,065	\$ 1,164	\$ 1,263	\$ 1,043
Contributions in relation to the statutorily-required contribution	10,808	9,911	968	1,162	1,164	1,163	1,062
Contribution deficiency (excess)	<u>\$ (24)</u>	<u>\$ (1)</u>	<u>\$ (159)</u>	<u>\$ (97)</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ (19)</u>
Employer's covered payroll	\$ 228,347	\$ 231,054	\$ 139,637	\$ 135,916	\$ 161,750	\$ 247,109	\$ 180,642
Contributions as a percentage of covered payroll	4.73%	4.29%	0.69%	0.85%	0.72%	0.47%	0.59%

† The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.

**Notes to This Required Supplementary Information  
Changes of assumptions**

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
 SHARE OF THE COLLECTIVE NET OPEB LIABILITY  
 TEACHERS' HEALTH INSURANCE SECURITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2020†

	FY19*	FY18*	FY17*	FY16*
Employer's proportion of the collective net OPEB liability	0.000940%	0.000524%	0.000661%	0.000694%
Employer's proportionate share of the collective net OPEB liability	\$ 260,173	\$ 137,931	\$ 171,646	\$ 189,764
State's proportionate share of the collective net OPEB liability associated with the employer	352,378	185,184	225,379	263,225
<b>Total</b>	\$ 612,551	\$ 323,115	\$ 397,025	\$ 452,989
Employer's covered payroll	\$ 231,054	\$ 139,637	\$ 135,916	\$ 161,750
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.6%	98.8%	126.3%	117.3%
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	-0.07%	-0.17%	-0.22%

\*The amounts presented were determined as of the prior fiscal-year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TEACHERS' HEALTH INSURANCE SECURITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2020†

	FY20	FY19	FY18	FY17	FY16
Statutorily-required contribution	\$ 2,101	\$ 2,126	\$ 1,229	\$ 1,142	\$ 1,294
Contributions in relation to the statutorily-required contribution	2,101	2,126	1,229	1,278	1,294
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (136)	\$ -
Employer's covered payroll	\$ 228,347	\$ 231,054	\$ 139,637	\$ 135,916	\$ 161,750
Contributions as a percentage of covered payroll	0.92%	0.92%	0.88%	0.94%	0.80%

† The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No 75.

Notes to This Required Supplementary Information

Changes of assumptions

	Measurement year		
	2019	2018	2017
<b>Inflation</b>	2.50 percent	2.75 percent	2.75 percent
<b>Salary increases</b>	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
<b>Healthcare cost trend rates</b>	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**WESTERN AREA SCHOOL HEALTH BENEFIT PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2020†**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 25,586	\$ 24,555	\$ 2,545
Interest Cost	5,890	5,686	811
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	12,348	-
Changes of Assumptions	24,995	123,932	-
Benefit Payments	<u>(17,752)</u>	<u>(12,893)</u>	<u>-</u>
<b>Net Change in Total OPEB Liability</b>	38,719	153,628	3,356
<b>Total OPEB Liability - Beginning</b>	<u>177,216</u>	<u>23,588</u>	<u>20,232</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 215,935</u>	<u>\$ 177,216</u>	<u>\$ 23,588</u>
<b>Covered Payroll</b>	878,386	1,151,448	660,015
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	24.58%	15.39%	3.57%

**Notes to Schedule:**

**Changes of Benefit Terms**

For June 30, 2020 there have been no changes of benefit terms from the prior period.

**Changes of Assumptions**

The following are the changes in assumptions for June 30, 2020:

- Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.
- The assumed long-term inflation expectation has been decreased from 2.50% to 2.25%.

The following are the changes in assumptions for June 30, 2019:

- The assumed increases in medical costs have been revised to 7.10% (PPO Plans) and 7.20% (HSA Plan) in the first year of the projection grading uniformly over a 10-year period to an ultimate rate of 5.00%. Previously, both plans were projected at 8.00% grading uniformly over a 5-year period to an ultimate rate of 5.00%.
- Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.
- The expected rate of compensation increases has been revised to 2.50% based upon the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
- The percent of active employees assumed to continue participation from the active medical plan into the retiree medical plan upon retirement has been decreased to 30% (previously 40%) based on the current census information. Of the employees assumed to elect coverage in retirement, it is assumed 50% (previously 90%) will elect spousal coverage.
- If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.
- The mortality, retirement, termination, and disability tables were changed to reflect more current trends in IMRF and TRS populations.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTAL INFORMATION

ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 June 30, 2020

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 332,294	\$ -	\$ 620,189	\$ 109,667	\$ 12,675
Investments	-	-	64,989	-	-
Due from other funds	248,235	-	-	-	-
Accounts receivable	-	-	-	178	-
Due from other governments	26,131	-	-	875	-
Total assets	606,660	-	685,178	110,720	12,675
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 606,660</b>	<b>\$ -</b>	<b>\$ 685,178</b>	<b>\$ 110,720</b>	<b>\$ 12,675</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,031	\$ -	\$ 41,275	\$ 52	\$ -
Due to other governments	-	-	-	60	-
Total liabilities	1,031	-	41,275	112	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	861	-
<b>FUND BALANCE</b>					
Assigned	-	-	-	-	-
Unassigned	605,629	-	643,903	109,747	12,675
Total fund balance	605,629	-	643,903	109,747	12,675
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 606,660</b>	<b>\$ -</b>	<b>\$ 685,178</b>	<b>\$ 110,720</b>	<b>\$ 12,675</b>

ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 June 30, 2020

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,760	\$ 9,513	\$ 2,628	\$ 31,339	\$ 7,583	\$ 1,130,648
Investments	-	-	-	-	-	64,989
Due from other funds	-	-	-	-	-	248,235
Accounts receivable	-	-	-	-	-	178
Due from other governments	-	-	-	830	-	27,836
Total assets	4,760	9,513	2,628	32,169	7,583	1,471,886
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,760</b>	<b>\$ 9,513</b>	<b>\$ 2,628</b>	<b>\$ 32,169</b>	<b>\$ 7,583</b>	<b>\$ 1,471,886</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,358
Due to other governments	-	-	-	-	-	60
Total liabilities	-	-	-	-	-	42,418
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	861
<b>FUND BALANCE</b>						
Assigned	-	9,513	2,628	32,169	7,583	51,893
Unassigned	4,760	-	-	-	-	1,376,714
Total fund balance	4,760	9,513	2,628	32,169	7,583	1,428,607
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 4,760</b>	<b>\$ 9,513</b>	<b>\$ 2,628</b>	<b>\$ 32,169</b>	<b>\$ 7,583</b>	<b>\$ 1,471,886</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the Year Ended June 30, 2020**

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
<b>REVENUES</b>					
Local sources	\$ 354,503	\$ -	\$ 2,377	\$ 21,732	\$ 110
On-behalf payments - Local	42,201	-	-	-	-
State sources	-	-	866,186	-	-
On-behalf payments - State	-	-	293,431	-	-
Investment earnings	3,275	-	3,679	2,749	73
Total revenues	399,979	-	1,165,673	24,481	183
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	198,822	-	249,873	361	-
Pension expense	14,781	-	13,672	1,064	-
OPEB expense	-	-	161	-	-
Purchased services	40,723	-	76,214	-	-
Supplies and materials	3,703	-	3,042	-	-
Other objects	-	-	-	4,121	-
Intergovernmental:					
Payments to governments	-	-	469,014	-	-
Administrative:					
On-behalf expenditures - Local	42,201	-	-	-	-
On-behalf expenditures - State	-	-	293,431	-	-
Capital outlay	-	-	-	3,269	-
Total expenditures	300,230	-	1,105,407	8,815	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	99,749	-	60,266	15,666	183
<b>OTHER FINANCING USES</b>					
Transfers out	(250)	-	(10,164)	(325)	-
<b>NET CHANGE IN FUND BALANCE</b>	99,499	-	50,102	15,341	183
<b>FUND BALANCE - BEGINNING</b>	506,130	77,872	593,801	94,406	12,492
<b>RECLASSIFICATION (NOTE 16)</b>	-	(77,872)	-	-	-
<b>FUND BALANCE - ENDING</b>	\$ 605,629	\$ -	\$ 643,903	\$ 109,747	\$ 12,675

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
<b>REVENUES</b>						
Local sources	\$ 153	\$ 7,510	\$ 265	\$ -	\$ -	\$ 386,650
On-behalf payments - Local	-	-	-	-	-	42,201
State sources	-	-	-	4,190	-	870,376
On-behalf payments - State	-	-	-	-	-	293,431
Investment earnings	26	77	5	81	45	10,010
Total revenues	179	7,587	270	4,271	45	1,602,668
<b>EXPENDITURES</b>						
Instructional services:						
Salaries and benefits	-	-	-	-	-	449,056
Pension expense	-	-	-	-	-	29,517
OPEB expense	-	-	-	-	-	161
Purchased services	-	2,313	1,003	1,524	-	121,777
Supplies and materials	-	539	-	-	-	7,284
Other objects	-	6,263	-	-	-	10,384
Intergovernmental:						
Payments to governments	-	-	-	-	-	469,014
Administrative:						
On-behalf expenditures - Local	-	-	-	-	-	42,201
On-behalf expenditures - State	-	-	-	-	-	293,431
Capital outlay	-	750	-	-	-	4,019
Total expenditures	-	9,865	1,003	1,524	-	1,426,844
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	179	(2,278)	(733)	2,747	45	175,824
<b>OTHER FINANCING USES</b>						
Transfers out	-	-	-	-	-	(10,739)
<b>NET CHANGE IN FUND BALANCE</b>	179	(2,278)	(733)	2,747	45	165,085
<b>FUND BALANCE - BEGINNING</b>	4,581	11,791	3,361	29,422	7,538	1,341,394
<b>RECLASSIFICATION (NOTE 16)</b>	-	-	-	-	-	(77,872)
<b>FUND BALANCE - ENDING</b>	\$ 4,760	\$ 9,513	\$ 2,628	\$ 32,169	\$ 7,583	\$ 1,428,607

ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUNDS  
 June 30, 2020

	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 12,911	\$ -	\$ -	\$ -
Due from other governments	28,896	15,294	-	-	-	-
Total assets	28,896	15,294	12,911	-	-	-
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 28,896</b>	<b>\$ 15,294</b>	<b>\$ 12,911</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	-	250	-	-	-	-
Due to other funds	28,814	15,044	-	-	-	-
Due to other governments	72	-	23	-	-	-
Unearned revenue	-	-	12,888	-	-	-
Total liabilities	28,886	15,294	12,911	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	21,164	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	-	-	-	-
Unassigned	(21,154)	-	-	-	-	-
Total fund balance (deficit)	(21,154)	-	-	-	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)</b>	<b>\$ 28,896</b>	<b>\$ 15,294</b>	<b>\$ 12,911</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUNDS**  
**June 30, 2020**

	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	National Institute for School Leadership	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,168	\$ -	\$ -	\$ 203,657	\$ 5,929	\$ -
Due from other governments	-	-	119,810	-	23,715	3,347
Total assets	5,168	-	119,810	203,657	29,644	3,347
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,168</b>	<b>\$ -</b>	<b>\$ 119,810</b>	<b>\$ 203,657</b>	<b>\$ 29,644</b>	<b>\$ 3,347</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	119,810	-	-	3,347
Due to other governments	5,168	-	-	-	29,644	-
Unearned revenue	-	-	-	203,657	-	-
Total liabilities	5,168	-	119,810	203,657	29,644	3,347
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	23,715	-
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	-	-	-	-
Unassigned	-	-	-	-	(23,715)	-
Total fund balance (deficit)	-	-	-	-	(23,715)	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)</b>	<b>\$ 5,168</b>	<b>\$ -</b>	<b>\$ 119,810</b>	<b>\$ 203,657</b>	<b>\$ 29,644</b>	<b>\$ 3,347</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUNDS**  
**June 30, 2020**

	Math Blast	Early Childhood Education Initiative	Foundational Services	Reading: A Healthy Start	Tracy Partners to Lead	Adams County Academic Success Initiative
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 70,239	\$ 1,473	\$ 2,063	\$ 14,915	\$ 184,533
Due from other governments	-	-	-	-	-	-
Total assets	-	70,239	1,473	2,063	14,915	184,533
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 70,239</b>	<b>\$ 1,473</b>	<b>\$ 2,063</b>	<b>\$ 14,915</b>	<b>\$ 184,533</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	1,473	-	-	-
Unearned revenue	-	-	-	-	14,915	-
Total liabilities	-	-	1,473	-	14,915	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	70,239	-	2,063	-	184,533
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	-	70,239	-	2,063	-	184,533
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 70,239</b>	<b>\$ 1,473</b>	<b>\$ 2,063</b>	<b>\$ 14,915</b>	<b>\$ 184,533</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUNDS**  
**June 30, 2020**

	Supporting Effective Educator Development	Education Innovation and Research Grant	IL-Empower	Tracy Teacher Appreciation	Elementary and Secondary School Relief Grant	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 175	\$ -	\$ 501,063
Due from other governments	77,894	27,961	12,306	-	766	309,989
Total assets	77,894	27,961	12,306	175	766	811,052
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 77,894</b>	<b>\$ 27,961</b>	<b>\$ 12,306</b>	<b>\$ 175</b>	<b>\$ 766</b>	<b>\$ 811,052</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	-	-	-	-	-	250
Due to other funds	58,490	9,658	12,306	-	766	248,235
Due to other governments	-	9,303	-	-	-	45,683
Unearned revenue	19,404	9,000	-	175	-	260,039
Total liabilities	77,894	27,961	12,306	175	766	554,207
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	2,270	-	-	-	47,149
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	-	-	-	256,835
Unassigned	-	(2,270)	-	-	-	(47,139)
Total fund balance (deficit)	-	(2,270)	-	-	-	209,696
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)</b>	<b>\$ 77,894</b>	<b>\$ 27,961</b>	<b>\$ 12,306</b>	<b>\$ 175</b>	<b>\$ 766</b>	<b>\$ 811,052</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	Regional Office of Prevention Effectiveness Services (ROPEs)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	198,623	132,237	740	-	-
Federal sources	53,315	-	-	-	36,417	11,232
Investment earnings	-	-	-	-	-	-
Total revenues	53,315	198,623	132,237	740	36,417	11,232
<b>EXPENDITURES</b>						
Instructional services:						
Salaries and benefits	55,243	146,366	102,272	-	-	-
Pension expense	4,516	7,817	1,284	-	-	-
OPEB expense	-	138	-	-	-	-
Purchased services	8,217	24,961	27,325	740	-	-
Supplies and materials	6,498	4,397	1,356	-	-	-
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	-	-	-	-	36,417	11,232
Total expenditures	74,474	183,679	132,237	740	36,417	11,232
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(21,159)	14,944	-	-	-	-
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	-	250	-	-	-	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	(21,159)	15,194	-	-	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	5	(15,194)	-	-	-	-
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ (21,154)	\$ -	\$ -	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Tracy National Institute for School Leadership	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ 84,772	\$ 40,655	\$ -
State sources	-	79,992	455,364	-	-	43,364
Federal sources	15,466	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Total revenues	15,466	79,992	455,364	84,772	40,655	43,364
<b>EXPENDITURES</b>						
Instructional services:						
Salaries and benefits	11,925	41,180	327,735	10,074	-	-
Pension expense	1,059	1,738	28,337	-	-	-
OPEB expense	-	46	-	-	-	-
Purchased services	2,082	106	41,561	74,123	-	-
Supplies and materials	400	-	48,824	575	-	-
Other objects	-	-	3,957	-	-	-
Capital outlay	-	-	4,950	-	-	-
Intergovernmental:						
Payments to other governments	-	36,922	-	-	50,819	40,076
Total expenditures	15,466	79,992	455,364	84,772	50,819	40,076
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-	(10,164)	3,288
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	-	-	-	-	10,164	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	-	-	-	-	3,288
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	-	-	-	-	(23,715)	(3,288)
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ -	\$ -	\$ -	\$ (23,715)	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	Math Blast	Early Childhood Education Initiative	Foundational Services	Reading: A Healthy Start	Tracy Partners to Lead	Adams County Academic Success Initiative
<b>REVENUES</b>						
Local sources	\$ 500	\$ 80,650	\$ -	\$ 2,500	\$ 25,085	\$ 142,441
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	1,242
Total revenues	500	80,650	-	2,500	25,085	143,683
<b>EXPENDITURES</b>						
Instructional services:						
Salaries and benefits	-	26,850	-	-	-	11,631
Pension expense	-	-	-	-	-	179
OPEB expense	-	-	-	-	-	-
Purchased services	-	7,390	-	-	25,085	133,330
Supplies and materials	825	34,274	-	437	-	7,980
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	-	-	-	-	-	-
Total expenditures	825	68,514	-	437	25,085	153,120
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(325)	12,136	-	2,063	-	(9,437)
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	325	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	12,136	-	2,063	-	(9,437)
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	-	58,103	-	-	-	193,970
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ 70,239	\$ -	\$ 2,063	\$ -	\$ 184,533

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	Supporting Effective Educator Development	Education Innovation and Research Grant	IL-Empower	Tracy Teacher Appreciation	Elementary and Secondary School Relief Grant	Totals
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ 82,441	\$ 825	\$ -	\$ 459,869
State sources	-	-	-	-	-	910,320
Federal sources	396,002	97,552	-	-	766	610,750
Investment earnings	-	-	-	-	-	1,242
Total revenues	396,002	97,552	82,441	825	766	1,982,181
<b>EXPENDITURES</b>						
Instructional services:						
Salaries and benefits	154,317	-	11,439	-	-	899,032
Pension expense	12,742	-	-	-	-	57,672
OPEB expense	1,756	-	-	-	-	1,940
Purchased services	90,279	3,081	56,679	825	-	495,784
Supplies and materials	3,670	-	64	-	766	110,066
Other objects	-	-	-	-	-	3,957
Capital outlay	-	-	-	-	-	4,950
Intergovernmental:						
Payments to other governments	133,238	96,741	-	-	-	405,445
Total expenditures	396,002	99,822	68,182	825	766	1,978,846
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(2,270)	14,259	-	-	3,335
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	-	-	-	-	-	10,739
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	(2,270)	14,259	-	-	14,074
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	-	-	(14,259)	-	-	195,622
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ (2,270)	\$ -	\$ -	\$ -	\$ 209,696

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNT**  
**REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal sources	\$ 85,000	\$ 86,636	\$ 53,315
Total revenues	85,000	86,636	53,315
EXPENDITURES			
Instructional services:			
Salaries and benefits	61,184	61,184	55,243
Pension expense	-	-	4,516
Purchased services	13,418	15,002	8,217
Supplies and materials	6,339	6,339	6,498
Other objects	2,609	2,661	-
Capital outlay	1,450	1,450	-
Total expenditures	85,000	86,636	74,474
NET CHANGE IN FUND BALANCE	-	-	(21,159)
FUND BALANCE - BEGINNING	-	-	5
FUND BALANCE - ENDING	\$ -	\$ -	\$ (21,154)

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State sources	\$ 183,429	\$ 183,429	\$ 198,623
Total revenues	183,429	183,429	198,623
EXPENDITURES			
Instructional services:			
Salaries and benefits	150,139	150,139	146,366
Pension expense	-	-	7,817
OPEB expense	-	-	138
Purchased services	29,790	29,790	24,961
Supplies and materials	3,500	3,500	4,397
Total expenditures	183,429	183,429	183,679
EXCESS OF REVENUES OVER EXPENDITURES	-	-	14,944
OTHER FINANCING SOURCES			
Transfers in	-	-	250
NET CHANGE IN FUND BALANCE	-	-	15,194
FUND BALANCE (DEFICIT) - BEGINNING	-	-	(15,194)
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State sources	\$ 125,342	\$ 125,342	\$ 132,237
Total revenues	125,342	125,342	132,237
EXPENDITURES			
Instructional services:			
Salaries and benefits	97,874	97,874	102,272
Pension expense	-	-	1,284
Purchased services	25,468	25,468	27,325
Supplies and materials	2,000	2,000	1,356
Total expenditures	125,342	125,342	132,237
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal sources	\$ 29,421	\$ 29,421	\$ 15,466
Total revenues	29,421	29,421	15,466
EXPENDITURES			
Instructional services:			
Salaries and benefits	19,990	19,990	11,925
Pension expense	-	-	1,059
Purchased services	9,231	9,231	2,082
Supplies and materials	200	200	400
Total expenditures	29,421	29,421	15,466
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State sources	\$ 79,992	\$ 79,992	\$ 79,992
Total revenues	79,992	79,992	79,992
EXPENDITURES			
Instructional services:			
Salaries and benefits	42,402	42,402	41,180
Pension expense	-	-	1,738
OPEB expense	-	-	46
Purchased services	668	668	106
Intergovernmental:			
Payments to other governments	36,922	36,922	36,922
Total expenditures	79,992	79,992	79,992
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
CHILD AND FAMILY CONNECTIONS  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State sources	\$ 509,526	\$ 484,843	\$ 455,364
Total revenues	509,526	484,843	455,364
EXPENDITURES			
Instructional services:			
Salaries and benefits	402,715	366,140	327,735
Pension expense	-	-	28,337
Purchased services	33,456	34,111	41,561
Supplies and materials	50,954	54,698	48,824
Other objects	22,401	20,989	3,957
Capital outlay	-	8,905	4,950
Total expenditures	509,526	484,843	455,364
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State sources	\$ 40,076	\$ 40,076	\$ 43,364
Total revenues	40,076	40,076	43,364
EXPENDITURES			
Intergovernmental:			
Payments to other governments	40,076	40,076	40,076
Total expenditures	40,076	40,076	40,076
NET CHANGE IN FUND BALANCE	-	-	3,288
FUND BALANCE (DEFICIT) - BEGINNING	-	-	(3,288)
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 SUPPORTING EFFECTIVE EDUCATOR DEVELOPMENT  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal sources	\$ 481,992	\$ 481,992	\$ 396,002
Total revenues	481,992	481,992	396,002
EXPENDITURES			
Instructional services:			
Salaries and benefits	192,454	192,454	154,317
Pension expense	-	-	12,742
OPEB expense	-	-	1,756
Purchased services	140,940	140,940	90,279
Supplies and materials	33,598	33,598	3,670
Intergovernmental:			
Payments to other governments	115,000	115,000	133,238
Total expenditures	481,992	481,992	396,002
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EDUCATION INNOVATION AND RESEARCH GRANT  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal sources	\$ 83,877	\$ 83,877	\$ 97,552
Total revenues	83,877	83,877	97,552
EXPENDITURES			
Instructional services:			
Purchased services	2,877	2,877	3,081
Intergovernmental:			
Payments to other governments	81,000	81,000	96,741
Total expenditures	83,877	83,877	99,822
NET CHANGE IN FUND BALANCE	-	-	(2,270)
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ (2,270)

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ELEMENTARY AND SECONDARY SCHOOL RELIEF GRANT  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal sources	\$ 2,666	\$ 2,666	\$ 766
Total revenues	2,666	2,666	766
EXPENDITURES			
Instructional services:			
Supplies and materials	1,366	1,366	766
Capital outlay	1,300	1,300	-
Total expenditures	2,666	2,666	766
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2020**

	General Education Development	Bus Driver Training	Institute	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 37,588	\$ 32,894	\$ 242,203	\$ 312,685
Due from other governments	-	1,290	-	1,290
Investments	-	-	7,905	7,905
Total assets	37,588	34,184	250,108	321,880
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 37,588</b>	<b>\$ 34,184</b>	<b>\$ 250,108</b>	<b>\$ 321,880</b>
<b>LIABILITIES</b>				
Accounts payable	-	200	-	200
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	160	-	160
<b>FUND BALANCE</b>				
Restricted	37,588	33,824	250,108	321,520
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 37,588</b>	<b>\$ 34,184</b>	<b>\$ 250,108</b>	<b>\$ 321,880</b>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2020**

	General Education Development	Bus Driver Training	Institute	Totals
<b>REVENUES</b>				
Local sources	\$ 2,020	\$ 3,240	\$ 46,896	\$ 52,156
State sources	-	2,633	-	2,633
Investment earnings	-	183	1,175	1,358
Total revenues	2,020	6,056	48,071	56,147
<b>EXPENDITURES</b>				
Instructional services:				
Purchased services	660	5,056	106	5,822
Other objects	-	-	20,060	20,060
Total expenditures	660	5,056	20,166	25,882
<b>NET CHANGE IN FUND BALANCE</b>	1,360	1,000	27,905	30,265
<b>FUND BALANCE - BEGINNING</b>	36,228	32,824	222,203	291,255
<b>FUND BALANCE - ENDING</b>	\$ 37,588	\$ 33,824	\$ 250,108	\$ 321,520

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-Type Activities Proprietary Funds			
	Local Workshops	Testing Center	Fingerprinting	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 67,419	\$ 34,343	\$ 83,903	\$ 185,665
Accounts receivable	150	-	-	150
Due from other governments	1,731	-	-	1,731
Total current assets	<u>69,300</u>	<u>34,343</u>	<u>83,903</u>	<u>187,546</u>
Noncurrent assets:				
Capital assets, being depreciated, net	58	2,759	7,827	10,644
Total noncurrent assets	<u>58</u>	<u>2,759</u>	<u>7,827</u>	<u>10,644</u>
<b>TOTAL ASSETS</b>	<u>69,358</u>	<u>37,102</u>	<u>91,730</u>	<u>198,190</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>LIABILITIES</b>				
Current liabilities:				
Due to other governments	-	-	1,569	1,569
Total current liabilities	<u>-</u>	<u>-</u>	<u>1,569</u>	<u>1,569</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,569</u>	<u>1,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>NET POSITION</b>				
Invested in capital assets	58	2,759	7,827	10,644
Unrestricted	69,300	34,343	82,334	185,977
<b>TOTAL NET POSITION</b>	<u>\$ 69,358</u>	<u>\$ 37,102</u>	<u>\$ 90,161</u>	<u>\$ 196,621</u>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 1  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended June 30, 2020**

	Business-Type Activities Proprietary Funds			Total
	Local Workshops	Testing Center	Fingerprinting	
OPERATING REVENUES				
Charges for services	\$ 11,815	\$ 8,245	\$ 33,143	\$ 53,203
Total operating revenues	<u>11,815</u>	<u>8,245</u>	<u>33,143</u>	<u>53,203</u>
OPERATING EXPENSES				
Salaries and benefits	1,538	-	-	1,538
Purchased services	20,632	2,147	20,757	43,536
Supplies and materials	301	1,805	36	2,142
Depreciation	132	605	559	1,296
Total operating expenses	<u>22,603</u>	<u>4,557</u>	<u>21,352</u>	<u>48,512</u>
OPERATING INCOME (LOSS)	(10,788)	3,688	11,791	4,691
NONOPERATING REVENUE (EXPENSE)				
Investment earnings	295	209	498	1,002
CHANGE IN NET POSITION	(10,493)	3,897	12,289	5,693
TOTAL NET POSITION - BEGINNING	79,851	33,205	-	113,056
RECLASSIFICATION (NOTE 16)	-	-	77,872	77,872
TOTAL NET POSITION - ENDING	<u>\$ 69,358</u>	<u>\$ 37,102</u>	<u>\$ 90,161</u>	<u>\$ 196,621</u>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 1**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-Type Activities Proprietary Funds			Total
	Local Workshops	Testing Center	Fingerprinting	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 12,214	\$ 8,245	\$ 35,043	\$ 55,502
Payments to suppliers and providers of goods and services	(21,427)	(4,037)	(15,243)	(40,707)
Payments to employees	(1,538)	-	-	(1,538)
Net Cash Provided by (Used in) Operating Activities	<u>(10,751)</u>	<u>4,208</u>	<u>19,800</u>	<u>13,257</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	(670)	(8,386)	(9,056)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(670)</u>	<u>(8,386)</u>	<u>(9,056)</u>
Cash Flows from Investing Activities:				
Interest income	295	209	498	1,002
Net Cash Provided by Investing Activities	<u>295</u>	<u>209</u>	<u>498</u>	<u>1,002</u>
Net increase (decrease) in cash and cash equivalents	(10,456)	3,747	11,912	5,203
Cash and cash equivalents - Beginning	<u>77,875</u>	<u>30,596</u>	<u>71,991</u>	<u>180,462</u>
Cash and cash equivalents - Ending	<u>\$ 67,419</u>	<u>\$ 34,343</u>	<u>\$ 83,903</u>	<u>\$ 185,665</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (10,788)	\$ 3,688	\$ 11,791	\$ 4,691
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	132	605	559	1,296
(Increase)/Decrease in assets:				
Accounts receivable	360	-	-	360
Due from other governments	789	-	2,350	3,139
Prepaid expenses	-	-	4,129	4,129
Increase/(Decrease) in liabilities:				
Accounts payable	(494)	-	-	(494)
Due to other governments	-	(85)	1,421	1,336
Unearned revenue	(750)	-	(450)	(1,200)
Net cash provided by (used for) operating activities	<u>\$ (10,751)</u>	<u>\$ 4,208</u>	<u>\$ 19,800</u>	<u>\$ 13,257</u>

**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION NO.1  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the Year Ended June 30, 2020**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 2,794	\$ 5,365,692	\$ 5,364,367	\$ 4,119
Due from other governments	<u>1,437,348</u>	<u>1,335,143</u>	<u>1,437,348</u>	<u>1,335,143</u>
Total assets	<u>\$ 1,440,142</u>	<u>\$ 6,700,835</u>	<u>\$ 6,801,715</u>	<u>\$ 1,339,262</u>
LIABILITIES				
Due to other governments	<u>\$ 1,440,142</u>	<u>\$ 6,700,835</u>	<u>\$ 6,801,715</u>	<u>\$ 1,339,262</u>
Total liabilities	<u>\$ 1,440,142</u>	<u>\$ 6,700,835</u>	<u>\$ 6,801,715</u>	<u>\$ 1,339,262</u>