



**STATE OF ILLINOIS  
FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26**

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

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26**

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**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Mr. John Meixner

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Dave Demler

Offices are located at:

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Macomb, Illinois 61455

735 E. Locust Street  
Canton, Illinois 61520

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
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	4	3
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	0	2

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	12	Inadequate Internal Controls over Inventory	Material Weakness
2020-002	13	Inadequate Internal Control Procedures	Significant Deficiency
2020-003	15	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant Deficiency
2020-004	17	Delay of Audit	Noncompliance

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

None

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
FINANCIAL REPORT SUMMARY (CONCLUDED)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on February 24, 2021. Attending from the Regional Office of Education No. 26 were John Meixner, Regional Superintendent; David Demler, Assistant Regional Superintendent; Deb Wright, Chief Bookkeeper; and Lori Warden, Licensure Specialist; and from Adelfia LLC were Jennifer Roan and Maria Divina Valera, Partners. Responses to the recommendations were provided by John Meixner, Regional Superintendent, on June 29, 2021.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's basic financial statements, except for qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund.



## 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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26'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.

### **Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund**

We did not observe the taking of the physical inventories in the Western Area Purchasing Co-op enterprise fund, since the Regional Office does not perform a physical inventory count at year end. Because of the inadequacy of accounting records related to inventory, we were unable to obtain sufficient appropriate audit evidence about inventory quantities using other auditing procedures. The inventory quantities affect the amounts due from and due to other governments, the revenues, expenses, and the fund balance in the Western Area Purchasing Co-op enterprise fund. The amounts by which due from other governments, due to other governments, revenues, expenses, and fund balance would be affected have not been determined.

### **Qualified Opinions**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the Western Area Purchasing Co-op enterprise fund of the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 , 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.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 , 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 & 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 & Schedule of Employer Contributions, Teacher Health Insurance Security Fund – Schedule of Employer’s Proportionate Share of the Collective Net Other Postemployment Benefit Liability & Schedule of Employer Contributions, Western Area School Health Benefit Plan – Schedule of Changes in the Total OPEB Liability and Related Ratio & Schedule of Employer

Contributions on pages 84 through 92 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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's basic financial statements. The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities 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 schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities 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 July 9, 2021 on our consideration of the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’s internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
July 9, 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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’s basic financial statements, and have issued our report thereon dated July 9, 2021. We expressed qualified opinions on the financial statements of the Western Area Purchasing Co-op enterprise fund and the business-type activities because we were unable to obtain sufficient appropriate audit evidence about inventory quantities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’s internal control. Accordingly, we do not express an opinion on the effectiveness of Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-001 to be a material weakness.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-002 and 2020-003 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2020-004.

### Regional Office of Education No. 26's Responses to Findings

Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26'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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26'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 Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
July 9, 2021

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
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, except for qualified opinion on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund*

Internal control over financial reporting:

Material weakness identified?

yes       no

Significant deficiencies identified?

yes       none reported

Noncompliance material to financial statements noted?

yes       no

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-001 – Inadequate Internal Controls over Inventory (Repeat of Findings 19-003, 18-003, 17-003, 16-003, and 15-005)**

**CRITERIA/SPECIFIC REQUIREMENT:**

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

**CONDITION:**

The Regional Office of Education No. 26 was not able to provide auditors with documentation to support the provided inventory value of the Western Area Purchasing Co-op. In addition, the inventory value recorded in the Regional Office of Education No. 26's general ledger was not adjusted to the year-end value.

**EFFECT:**

The value of inventory at June 30 could not be determined. Auditors qualified their opinion on inventory in the FY20 financial statements.

**CAUSE:**

The Regional Office of Education No. 26 Officials indicated the Western Area Purchasing Co-op does not perform a physical inventory count at year end; rather, they perform a physical count after most inventory has been delivered to Co-op members and calculate the year-end inventory value from supporting documents, such as vendor invoices, shipping manifests, and receipts of delivery to Co-op members. These documents did not support the inventory value reported by the Co-op.

**RECOMMENDATION:**

The Western Area Purchasing Co-op staff should perform a physical inventory count on or near the fiscal year end or should maintain adequate documentation to support the calculated year-end value. The accurate inventory value should be recorded in the Regional Office of Education No. 26's general ledger.

**MANAGEMENT'S RESPONSE:**

ROE26 and the Western Area Purchasing Co-op staff accept the risk involved with this finding as there is inadequate staff and resources to perform physical inventory on current timeline. The physical inventory mandate coupled with the required timeline would disrupt operation immensely. An inventory system is cost prohibitive.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-002 – Inadequate Internal Control Procedures (Repeat of Findings 19-002, 18-002, 17-002, 16-002, 15-002, 14-002, 13-002, and 12-02)**

**CRITERIA/SPECIFIC REQUIREMENT:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud. 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 accordingly. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

The ROE Accounting Manual states that detailed fixed asset records should be kept both for accounting purposes as well as insurance purposes. In addition, generally accepted accounting principles (GAAP) requires that an inventory of all capital assets be maintained. Fixed asset records are a necessary part of the ROE accounting system, and they should be as carefully maintained as any other records.

The ROE Accounting Manual also states that all fixed assets should be tagged in some fashion with an inventory control number that is assigned to that asset in the fixed asset inventory records.

The State and Federal Grant Administration Policy and Fiscal Requirements and Procedures issued by the Illinois State Board of Education dictates procedures for managing equipment acquired with State and/or federal funds. These include procedures to ensure, among others that (1) adequate records are maintained for all equipment, and (2) dispositions are recorded in the fixed assets inventory records.

**CONDITION:**

Auditors noted the following weaknesses in the Regional Office of Education No. 26's internal control system for which there were no mitigating controls:

- A. The Regional Office of Education No. 26 maintains 6 bank accounts. During our audit, we noted that in each bank account, monthly reconciliations were not performed timely for 2 to 4 months. 11 of 51 monthly bank reconciliations (22%) were performed more than a month late.
- B. The Regional Office of Education No. 26 did not have adequate controls over the maintenance of complete records of capital assets. The Regional Office of Education No. 26 has a capital assets schedule; however, it still does not always include all the important information including the location, serial numbers, and tag numbers. The auditors noted the process of tagging assets was not consistent and not all items were being tagged.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2020**

**FINDING 2020-002 – Inadequate Internal Control Procedures (Repeat of Findings 19-002, 18-002, 17-002, 16-002, 15-002, 14-002, 13-002, and 12-02) (Concluded)**

**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.

Lack of sufficient internal controls over capital assets of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**CAUSE:**

The Regional Office of Education No. 26 Officials indicated scheduling conflicts and the change in the accounting system in April 2020 resulted in untimely bank reconciliations.

The Regional Office of Education No. 26 Officials indicated competing priorities resulted in not having adequate controls over the maintenance of capital assets.

**RECOMMENDATION:**

The Regional Office of Education No. 26 should prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is accurate and cash transactions are fully accounted for.

The Regional Office of Education No. 26 should establish and document internal control procedures to ensure its capital assets schedule is maintained in accordance with GAAP and the ROE Accounting Manual. The capital assets schedule should be reconciled to the general ledger capital assets and capital outlay accounts.

**MANAGEMENT'S RESPONSE:**

The Regional Office will prepare monthly bank reconciliations on a timely basis. The Regional Office will establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and ROE Accounting Manual. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2020**

**FINDING 2020-003 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers**

**CRITERIA/SPECIFIC REQUIREMENT:**

The Regional Office of Education No. 26 is responsible for the design, implementation, and maintenance of internal controls, including the controls that are outsourced to service providers, related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction.

Generally accepted information technology guidance endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

**CONDITION:**

As part of the audit process, we requested the Regional Office of Education No. 26 to provide a population of the service providers utilized. The Regional Office of Education No. 26 was able to identify service providers that provided various hosting and backup services for the Regional Office of Education No. 26.

During testing, the auditors noted the Regional Office of Education No. 26 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) reports from the service providers and related subservice organization or performing alternative procedures to determine the impact of such services on its internal control environment prior to signing an agreement with the service provider.
- Documented its review of each of the SOC reports, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 26's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 26's operations.

**EFFECT:**

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Regional Office of Education No. 26 does not have assurance the external service provider's and its subservice organization's internal controls are adequate.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2020**

**FINDING 2020-003 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Concluded)**

**CAUSE:**

The Regional Office of Education No. 26 Officials indicated they understand the importance of a formal process to monitor service providers, however, has not completed a policy to address the issues due to other priorities.

**RECOMMENDATION:**

We recommend the Regional Office of Education No. 26 identify all third-party service providers and determine and document if a review of controls is required. If required, the Regional Office of Education No. 26 should:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems including services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter.
- Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 26's operations.
- Document its review of the SOC reports or perform alternative procedures to evaluate all significant issues to ascertain if a corrective action plan exists, when it will be implemented, any impacts to the Regional Office of Education No. 26, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

**MANAGEMENT'S RESPONSE:**

The Regional Office of Education No. 26 Officials will implement a formal process to monitor service providers, and a policy to address the issues.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-004 – Delay of Audit (Repeat of Findings 19-001 and 18-005)**

**CRITERIA/SPECIFIC REQUIREMENT:**

The Regional Office of Education No. 26 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

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

**CONDITION:**

The Regional Office of Education No. 26 did not provide completed financial statements in an auditable form by the August 31<sup>st</sup> deadline. The completed financial statements were provided on November 16, 2020.

**EFFECT:**

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

**CAUSE:**

The Regional Office of Education No. 26 Officials indicated the change in accounting system in April 2020 resulted in delaying the year-end closing activities and providing the supporting reports after August 31<sup>st</sup> to the accounting firm they contracted with in order to prepare the financial statements and notes.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2020**

**FINDING 2020-004 – Delay of Audit (Repeat of Findings 19-001 and 18-005) (Concluded)**

**RECOMMENDATION:**

The Regional Office of Education No. 26 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP and should include all the required disclosures. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31<sup>st</sup> deadline.

**MANAGEMENT’S RESPONSE:**

The Regional Office of Education #26 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and will include all the required disclosures. These financial statements will be presented to the Auditor General’s independent auditors for audit in a timely manner to the best of our ability.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2020**

**Corrective Action Plan**

**FINDING 2020-001 – Inadequate Internal Controls over Inventory (Repeat of Findings 19-003, 18-003, 17-003, 16-003, and 15-005)**

**CONDITION:**

The Regional Office of Education No. 26 was not able to provide auditors with documentation to support the provided inventory value of the Western Area Purchasing Co-op. In addition, the inventory value recorded in the Regional Office of Education No. 26's general ledger was not adjusted to the year-end value.

**PLAN:**

There is no rationale plan to correct this finding. However, we will continue to search for solutions.

**ANTICIPATED DATE OF COMPLETION:**

Undetermined

**CONTACT PERSON:**

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2020**

**Corrective Action Plan (Continued)**

**FINDING 2020-002 – Inadequate Internal Control Procedures (Repeat of Findings 19-002, 18-002, 17-002, 16-002, 15-002, 14-002, 13-002, and 12-02)**

**CONDITION:**

Auditors noted the following weaknesses in the Regional Office of Education No. 26’s internal control system for which there were no mitigating controls:

- A. The Regional Office of Education No. 26 maintains 6 bank accounts. During our audit, we noted that in each bank account, monthly reconciliations were not performed timely for 2 to 4 months. 11 of 51 monthly bank reconciliations (22%) were performed more than a month late.
  
- B. The Regional Office of Education No. 26 did not have adequate controls over the maintenance of complete records of capital assets. The Regional Office of Education No. 26 has a capital assets schedule; however, it still does not always include all the important information including the location, serial numbers, and tag numbers. The auditors noted the process of tagging assets was not consistent and not all items were being tagged.

**PLAN:**

The Regional Office will prepare monthly bank reconciliations on a timely basis. The ROE will record the actual receipt date of bank statements and reconcile in a timely manner according to employee work schedules.

The Regional Office will establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and the ROE Accounting Manual. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts. The ROE will restructure our fixed asset list to include location & serial numbers.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2021

**CONTACT PERSON:**

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2020**

**Corrective Action Plan (Continued)**

**FINDING 2020-003 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers**

**CONDITION:**

As part of the audit process, we requested the Regional Office of Education No. 26 to provide a population of the service providers utilized. The Regional Office of Education No. 26 was able to identify service providers that provided various hosting and backup services for the Regional Office of Education No. 26.

During testing, the auditors noted the Regional Office of Education No. 26 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) reports from the service providers and related subservice organization or performing alternative procedures to determine the impact of such services on its internal control environment prior to signing an agreement with the service provider.
- Documented its review of each of the SOC reports, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 26's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 26's operations.

**PLAN:**

The Regional Office of Education No. 26 Officials will implement a formal process to monitor service providers and a policy to address the issues.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2021

**CONTACT PERSON:**

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2020**

**Corrective Action Plan (Concluded)**

**FINDING 2020-004 – Delay of Audit (Repeat of Findings 19-001 and 18-005)**

**CONDITION:**

The Regional Office of Education No. 26 did not provide completed financial statements in an auditable form by the August 31<sup>st</sup> deadline. The completed financial statements were provided on November 16, 2020.

**PLAN:**

The Regional Office of Education No. 26 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and will include all the required disclosures. These financial statements will be presented to the Auditor General's independent auditors for audit in a timely manner to the best of our ability. The ROE will work to prepare and provide our audit vendor reports in a timely manner.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2021

**CONTACT PERSON:**

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
For the Year Ended June 30, 2020**

There were no prior audit findings not repeated.

## BASIC FINANCIAL STATEMENTS

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 448,222	\$ 52,639	\$ 500,861
Due from other governments			
Local	106,613	463,940	570,553
State	222,662	-	222,662
Federal	66,207	-	66,207
Inventory	-	132,572	132,572
Prepaid expenses	2,388	-	2,388
Total current assets	<u>846,092</u>	<u>649,151</u>	<u>1,495,243</u>
Noncurrent Assets:			
Capital assets, net of depreciation	87,672	44,326	131,998
Total Noncurrent Assets	<u>87,672</u>	<u>44,326</u>	<u>131,998</u>
<b>TOTAL ASSETS</b>	<u>933,764</u>	<u>693,477</u>	<u>1,627,241</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	193,324	-	193,324
Deferred outflows related to OPEB	5,236	-	5,236
Total Deferred Outflows of Resources	<u>198,560</u>	<u>-</u>	<u>198,560</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	56,554	464,975	521,529
Accrued expenses	76,649	-	76,649
Due to other governments - Local	-	132,572	132,572
Unearned revenue	85,048	-	85,048
Total current liabilities	<u>218,251</u>	<u>597,547</u>	<u>815,798</u>
Noncurrent Liabilities:			
Compensated absences	107,240	-	107,240
OPEB liabilities	835,324	-	835,324
Net pension liability	99,845	-	99,845
Total Noncurrent Liabilities	<u>1,042,409</u>	<u>-</u>	<u>1,042,409</u>
<b>TOTAL LIABILITIES</b>	<u>1,260,660</u>	<u>597,547</u>	<u>1,858,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	282,511	-	282,511
Deferred inflows related to OPEB	169,251	-	169,251
Total Deferred Inflows of Resources	<u>451,762</u>	<u>-</u>	<u>451,762</u>
<b>NET POSITION</b>			
Net Investment in capital assets	87,672	44,326	131,998
Restricted-other	203,172	-	203,172
Unrestricted	<u>(870,942)</u>	<u>51,604</u>	<u>(819,338)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (580,098)</u>	<u>\$ 95,930</u>	<u>\$ (484,168)</u>

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



**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 231,876	\$ 96,932	\$ 119,414	\$ -	\$ 448,222
Due from other funds	549,747	-	-	(549,747)	-
Due from other governments:					
Local	99,090	7,523	-	-	106,613
State	-	222,662	-	-	222,662
Federal	-	66,207	-	-	66,207
Prepaid expenses	2,388	-	-	-	2,388
<b>TOTAL ASSETS</b>	<b>\$ 883,101</b>	<b>\$ 393,324</b>	<b>\$ 119,414</b>	<b>\$ (549,747)</b>	<b>\$ 846,092</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 56,554	\$ -	\$ -	\$ 56,554
Accrued expenses	34,171	42,478	-	-	76,649
Due to other funds	424,261	125,486	-	(549,747)	-
Unearned revenue	-	85,048	-	-	85,048
<b>Total Liabilities</b>	<b>458,432</b>	<b>309,566</b>	<b>-</b>	<b>(549,747)</b>	<b>218,251</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	58,988	-	-	58,988
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable	2,388	-	-	-	2,388
Restricted	-	69,354	119,414	-	188,768
Unassigned	422,281	(44,584)	-	-	377,697
<b>Total Fund Balance (Deficit)</b>	<b>424,669</b>	<b>24,770</b>	<b>119,414</b>	<b>-</b>	<b>568,853</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<b>\$ 883,101</b>	<b>\$ 393,324</b>	<b>\$ 119,414</b>	<b>\$ (549,747)</b>	<b>\$ 846,092</b>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2020**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 568,853
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.		87,672
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.		
Current year unavailable revenue		58,988
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:		
Deferred outflows of resources - pension	\$ 193,324	
Deferred inflows of resources - pension	(282,511)	
Deferred outflows of resources - OPEB	5,236	
Deferred inflows of resources - OPEB	<u>(169,251)</u>	(253,202)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Liability for compensated absences	\$(107,240)	
Net pension liability	(99,845)	
OPEB liabilities	<u>(835,324)</u>	<u>(1,042,409)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (580,098)</u></u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2020**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 489,208	\$ 37,310	\$ 29,493	\$ -	\$ 556,011
State sources	466,333	1,748,525	1,367	-	2,216,225
On-behalf payments - State	280,380	-	-	-	280,380
Federal sources	12,251	243,174	-	-	255,425
Investment earnings	1,831	-	132	-	1,963
Total revenues	<u>1,250,003</u>	<u>2,029,009</u>	<u>30,992</u>	<u>-</u>	<u>3,310,004</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	609,448	1,330,781	21,962	-	1,962,191
Pension expense	20,495	92,230	2,623	-	115,348
OPEB expense	5,011	-	-	-	5,011
Purchased services	238,848	319,644	22,674	-	581,166
Supplies and materials	31,927	40,147	8,342	-	80,416
Other objects	449	-	-	-	449
Capital outlay	15,664	8,989	-	-	24,653
On-behalf payments - State	280,380	-	-	-	280,380
Intergovernmental:					
Payments to other governments	-	245,168	-	-	245,168
Total Expenditures	<u>1,202,222</u>	<u>2,036,959</u>	<u>55,601</u>	<u>-</u>	<u>3,294,782</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>47,781</u>	<u>(7,950)</u>	<u>(24,609)</u>	<u>-</u>	<u>15,222</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,411	-	-	(3,411)	-
Transfers out	(2,243)	(1,168)	-	3,411	-
Total other financing sources (uses)	<u>1,168</u>	<u>(1,168)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	48,949	(9,118)	(24,609)	-	15,222
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>375,720</u>	<u>33,888</u>	<u>144,023</u>	<u>-</u>	<u>553,631</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 424,669</u>	<u>\$ 24,770</u>	<u>\$ 119,414</u>	<u>\$ -</u>	<u>\$ 568,853</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**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 BALANCE - GOVERNMENTAL FUNDS \$ 15,222

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. Loss on capital assets retired are not recorded in governmental funds but reported as other expenses in the Statement of Activities.

Capital outlay	\$ 24,653	
Depreciation expense	(31,393)	(6,740)

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	\$ (90,356)	
Current year unavailable revenue	58,988	(31,368)

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

Change in compensated absences		(28,693)
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Governmental funds report pension and OPEB contributions as expenditures; however, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

Cost of pension benefits earned, net	\$ (13,501)	
Cost of OPEB benefits earned, net	(31,706)	(45,207)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (96,786)

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-type Activities		Total
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Fingerprinting Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 25,072	\$ 27,567	\$ 52,639
Due from other governments			
Local	463,940	-	463,940
Inventory	132,572	-	132,572
Total current assets	<u>621,584</u>	<u>27,567</u>	<u>649,151</u>
Noncurrent assets:			
Capital assets, being depreciated, net	<u>44,326</u>	<u>-</u>	<u>44,326</u>
<b>TOTAL ASSETS</b>	<u>665,910</u>	<u>27,567</u>	<u>693,477</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other governments - Local	132,572	-	132,572
Accounts payable	<u>463,940</u>	<u>1,035</u>	<u>464,975</u>
<b>TOTAL LIABILITIES</b>	<u>596,512</u>	<u>1,035</u>	<u>597,547</u>
<b>NET POSITION</b>			
Net investment in capital assets	44,326	-	44,326
Unrestricted	<u>25,072</u>	<u>26,532</u>	<u>51,604</u>
<b>TOTAL NET POSITION</b>	<u>\$ 69,398</u>	<u>\$ 26,532</u>	<u>\$ 95,930</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-type Activities		Totals
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Fingerprinting Fund	
<b>OPERATING REVENUES</b>			
Fees for services	\$ 726,561	\$ 44,695	\$ 771,256
<b>Total Operating Revenues</b>	<u>726,561</u>	<u>44,695</u>	<u>771,256</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	35,320	-	35,320
Pension expense	2,250	-	2,250
Purchased services	15,213	34,590	49,803
Supplies and materials	681,936	-	681,936
Depreciation	2,738	-	2,738
<b>Total Operating Expenses</b>	<u>737,457</u>	<u>34,590</u>	<u>772,047</u>
<b>OPERATING INCOME (LOSS)</b>	(10,896)	10,105	(791)
<b>NET POSITION - BEGINNING</b>	<u>80,294</u>	<u>16,427</u>	<u>96,721</u>
<b>NET POSITION - ENDING</b>	<u>\$ 69,398</u>	<u>\$ 26,532</u>	<u>\$ 95,930</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Business-type Activities		Totals
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Fingerprinting Fund	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 650,984	\$ 44,695	\$ 695,679
Payments to suppliers and providers of goods and services	(621,572)	(36,510)	(658,082)
Payments to employees	(37,570)	-	(37,570)
Net cash provided by (used for) operating activities	<u>(8,158)</u>	<u>8,185</u>	<u>27</u>
Net increase (decrease) in cash and cash equivalents	(8,158)	8,185	27
Cash and cash equivalents - Beginning	<u>33,230</u>	<u>19,382</u>	<u>52,612</u>
Cash and cash equivalents - Ending	<u>\$ 25,072</u>	<u>\$ 27,567</u>	<u>\$ 52,639</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (10,896)	\$ 10,105	\$ (791)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,738	-	2,738
Increase in assets:			
Due from other governments	(75,577)	-	(75,577)
Inventory	(43,237)	-	(43,237)
Increase in liabilities:			
Accounts payable	75,577	(1,920)	73,657
Due to other governments	43,237	-	43,237
Net cash provided by (used for) operating activities	<u>\$ (8,158)</u>	<u>\$ 8,185</u>	<u>\$ 27</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2020**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 90,648
Due from other governments	<u>1,231,604</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,322,252</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 1,322,252</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,322,252</u></u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

**A. DATE OF MANAGEMENT’S REVIEW**

The Regional Office of Education No. 26 has evaluated subsequent events through July 9, 2021, the date when 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. 26’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.

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 his or her 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

For the period ended June 30, 2020, the Regional Office of Education No. 26 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. 26. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Regional Office of Education No. 26 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 26, 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. 26 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 blended component unit described below is included in the Regional Office of Education No. 26's reporting entity because of the significance of its operational or financial relationship with the Regional Office of Education No. 26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary enterprise fund.

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifestation of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 26 does not control their assets, operations, or management. In addition, the Regional Office of Education No. 26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 26 being considered a component unit of any other entity.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**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. 26's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education No. 26 has two business-type activities that rely on fees and charges for support.

The Regional Office of Education No. 26's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education No. 26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 26'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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

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, activities between governmental funds have been eliminated; however, 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 short falls in cash flow within grant programs and funds.

E. 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 on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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 inflows of resources 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 long-term obligations, which are recognized when paid.

Revenues received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**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.

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 (including deferred outflows of resources) and current liabilities (including deferred inflows of resources) are generally included on their balance sheets. Their 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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. 26; 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, the Regional Office of Education No. 26 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. 26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education No. 26 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. 26 uses governmental, proprietary, and fiduciary funds.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions typically are reported. Governmental funds 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 a fund balance.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 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. 26 has presented all major funds that met the above qualifications. The Regional Office of Education No. 26 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

County – Used to account for funds provided by the Boards of Fulton, Hancock, McDonough, and Schuyler counties for general office operation and maintenance.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in the Regional Office’s educational service region.

Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program to students in the Regional Office’s educational service region.

Edgenuity – Used to account for local fees associated with the Regional Office’s Edgenuity project, which provides Alternative Schools’ students with access to online curricula.

Online Clearing – Accounts for revenue from online payments for the Institute, GED, Bus Driver, and other special revenue funds using the new State online payment system.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted or committed to expenditures for specified purposes.

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:

Child and Family Connections (Special Education – Grants for Infants and Families) – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Family Violence – Used to account for State and federal grant proceeds to support the activities of the local Family Violence Coordinating Councils. The purpose of the Family Violence Coordinating Councils, at both the State and local/circuit level, is to establish a forum to improve the institutional, professional, and community response to family violence including child abuse, domestic abuse, and elder abuse; to engage in education and prevention; the coordination of intervention and services for victims and perpetrators; and to contribute to the improvement of the legal system and the administration of justice.

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

Education Funds (Continued)

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

ROE Technology Maintenance – Used to account for revenues and expenditures of the Illinois State Board of Education Technology Maintenance grant program.

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education No. 26 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Special Revenue Funds (Concluded)

Education Funds (Concluded)

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

United Way – Used to account for funding from local United Way for child birth classes and materials.

ROE/ISC Operations – Used to develop and implement a regional improvement plan.

ESSER – Education Stabilization Fund through the CARES ACT for Elementary and Secondary Schools Emergency Relief (ESSER). Used for the purpose of providing local educational agencies with emergency relief funds to address the impact of COVID-19.

CEO Midland Institute Fund – Used to account for funds from Macomb Area Economic Development Corp. designated to encourage students to stay in the local area to start businesses.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. FUND ACCOUNTING (Continued)

The Regional Office of Education No. 26 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops, and professional meetings.

**PROPRIETARY FUNDS**

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education No. 26 reports the following major proprietary fund:

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the Purchasing Co-op is a discretionary enterprise fund.

The Regional Office of Education No. 26 reports the following nonmajor proprietary fund:

Fingerprinting Fund – Accounts for the activity for fingerprinting services.

**FIDUCIARY FUNDS**

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education No. 26 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. Agency funds include the following:

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System, West Central Illinois Special Ed, and the Regional Office of Education No. 26. Interest earned on Distributive Fund deposits are retained by the Regional Office of Education No. 26 in the General Fund.

Administrators' Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University's Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

Area III Superintendents – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Hancock County Principals – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

Regional Board of School Trustees – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

School Occupation Facility Tax – This fund accounts for the assets held by the Regional Office of Education No. 26 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.

Western Area Career System (WACS) – This system is housed within the Regional Office of Education No. 26's office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS' phone and copier usage and appropriately charges WACS monthly for the usage.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus 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:

Non-spendable 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 following General Fund has a non-spendable fund balance: Regional Programs.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Hearing/Vision Screening, Local Donations, Regional Safe Schools Cooperative, ROE Technology Maintenance, Teen Court Donations, Truants Alternative Optional Education Program Training and United Way. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds.

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. 26 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 Regional Office of Education No. 26 has no assigned fund balances.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education No. 26 has unassigned fund balances in the following General Fund accounts: County, Regional Programs, Interest, Alternative Schools, and Edgenuity. The following Education Funds have unassigned fund deficits: Child and Family Connections, Title II – Teacher Quality, and ESSER.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. NET POSITION

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

Net 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.

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

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education No. 26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method. Inventory consists of paper and other school supplies held for distribution to school districts.

M. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. CAPITAL ASSETS (Concluded)

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases. On termination, any accumulated vacation is treated as unused sick leave when calculating length of service for pension purposes, if applicable, but is not paid. Any accruals as of June 30<sup>th</sup> are reported as a liability for compensated absences in the Statement of Net Position. At June 30, 2020, the balance of compensated absences was \$107,240, an increase of \$28,689 from the previous fiscal year.

	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>July 1, 2019</b>			<b>June 30, 2020</b>
Compensated Absences	\$ 78,551	\$ 28,689	\$ -	\$ 107,240

A full-time employee is entitled to two personal leave days per year. These days must be used in the fiscal year and may not accumulate from year to year.

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position. Therefore, no liability for unused sick leave is accrued.

O. 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

For purposes of measuring the Regional Office of Education No. 26's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Regional Office of Education No. 26's OPEB Plan and additions to/deductions from the Regional Office of Education No. 26's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 26's Plan. For this purpose, the Regional Office of Education No. 26's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 26's OPEB liability, deferred outflows or resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

**Q. BUDGET INFORMATION**

The Regional Office of Education No. 26 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. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant (3705-00) - 2020, Early Childhood Block Grant (3705-01) - 2020, McKinney Education for Homeless Children (18-4920), McKinney Education for Homeless Children (19-4920), McKinney Education for Homeless Children (20-4920), McKinney Education for Homeless Children-ROE 26 Subgrant, Regional Safe Schools (20-3696), Regional Safe Schools Cooperative (20-3999), Title II – Teacher Leadership (20-4935-02), Truants Alternative Optional Education (20-3695), Truants Alternative Optional Education Program Training (19-3695-PD), Truants Alternative Optional Education Program Training (20-3695-PD), and ROE/ISC Operations.

**R. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

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 expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

R. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (Concluded)

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 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 the net difference between projected and actual earnings on pension plan investments.

S. NEW ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. Based on this guidance, the Regional Office of Education No. 26 has postponed implementation of GASB Statement No. 84 – *Fiduciary Activities*, and GASB Statement No. 90 – *Majority Equity Interest – an amendment of GASB Statements No. 14 and 61* until the fiscal year ending June 30, 2021.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

The *Illinois Compiled Statutes* authorize the Regional Office of Education No. 26 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
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**NOTE 2 – DEPOSITS AND INVESTMENTS**

A. DEPOSITS

At June 30, 2020, the carrying amount of the Regional Office of Education No. 26's government-wide and agency fund deposits were \$500,861 and \$90,648, respectively, and the total bank balance was \$666,399 and \$25,831 invested in the Illinois Funds Money Market Fund. Of the total bank balances as of June 30, 2020, \$250,000 was secured by federal depository insurance and \$416,399 was collateralized by securities pledged by the Regional Office of Education No. 26's financial institution on behalf of the Regional Office.

B. INVESTMENTS

The Regional Office of Education No. 26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education No. 26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2020, the Regional Office of Education No. 26 had investments with carrying value of \$25,831 in the Illinois Funds Money Market Fund.

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.

INTEREST RATE RISK

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

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**NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)**

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.

**NOTE 3 – SHORT-TERM DEBT**

The Regional Office of Education No. 26 obtained a short-term line of credit from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The note was secured by all business assets. The note issued on April 17, 2020 has an interest rate of 4.25% and a maturity date of April 17, 2021. No drawdowns were made during the year ended June 30, 2020. The prior line expired November 2, 2019.

**NOTE 4 – DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement Fund (IMRF) Plan Description**

The Regional Office of Education No. 26'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. 26'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 following "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available 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,

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**NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)**

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.

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	34
Inactive Plan Members entitled to but not yet receiving benefits	23
Active Plan Members	21
<b>Total</b>	<b>78</b>

**Contributions**

As set by statute, the Regional Office of Education No. 26’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. 26’s annual contribution rate for calendar year 2019 was 5.62%. For the fiscal year ended 2020, the Regional Office of Education No. 26 contributed \$90,443 to the plan. The Regional Office of Education No. 26 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.

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**NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)**

**Net Pension Liability**

The Regional Office of Education No. 26’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 according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-217 (base year 2015). The IMRF-specific rates for **Mortality** 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.

**Actuarial Assumptions (Concluded)**

- 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.

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**NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)**

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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternatives	7%	
Private Equity	-	7.60%
Hedge Funds	-	N/A
Commodities	-	3.60%
Cash Equivalents	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
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%.

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**NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A) - (B)</b>
<b>Balances at December 31, 2018</b>	\$ 3,884,515	\$ 3,521,660	\$ 362,855
<b>Changes for the year:</b>			
Service Cost	93,632	-	96,632
Interest on the Total Pension Liability	280,971	-	280,971
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	37,898	-	37,898
Changes of Assumptions	-	-	-
Contributions – Employer	-	51,644	(51,644)
Contributions – Employees	-	41,353	(41,353)
Net Investment Income	-	633,226	(633,226)
Benefit Payments, including Refunds of Employee Contributions	(111,729)	(111,729)	-
Other (Net Transfer)	-	3,957	(3,957)
<b>Net Changes</b>	<b>300,772</b>	<b>618,451</b>	<b>(317,679)</b>
<b>Balances at December 31, 2019</b>	<b>\$ 4,185,287</b>	<b>\$ 4,140,111</b>	<b>\$ 45,176</b>

**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% Lower (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Higher (8.25%)</b>
Net Pension Liability (Asset)	\$ 623,569	\$ 45,176	\$ (422,943)

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**NOTE 4 – 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. 26 recognized pension expense of \$174,866. At June 30, 2020, the Regional Office of Education No. 26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 51,862	\$ -
Changes of assumptions	27,873	-
Net difference between projected and actual earnings on pension plan investments	-	155,027
Total Deferred Amounts to be recognized in pension expense in future periods	79,735	155,027
Pension Contributions made subsequent to the Measurement Date	64,864	-
Total Deferred Amounts Related to Pensions	<u>\$ 144,599</u>	<u>\$ 155,027</u>

\$64,864 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. 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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2020	\$ 26,621
2021	(39,099)
2022	12,875
2023	(75,689)
2024	-
Thereafter	-
Total	<u>\$ (75,292)</u>

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Regional Office of Education No. 26 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 <http://trsil.org/financial/cafrs/fv2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**Benefits Provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 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 discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 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 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

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**NOTE 5 – 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. 26.

**On-behalf Contributions to TRS**

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 26. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 26 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 26, and the Regional Office of Education No. 26 recognized revenue and expenditures of \$422,435 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 \$3,159, 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. 26, there is a statutory requirement for the Regional Office of Education No. 26 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contributions rate to TRS and were much higher.

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**(Continued)**

**Federal and Special Trust Fund Contributions (Concluded)**

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 \$32,967 were paid from federal and special trust funds that required employer contributions of \$3,514. These contributions are deferred because they were paid after the June 30, 2019 measurement date.

**Employer Retirement Cost Contributions**

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 26 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. 26 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, 2020, the Regional Office of Education No. 26 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
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**NOTE 5 – 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)**

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 were as follow:

Employers proportionate share of the net pension liability	\$	54,669
State’s proportionate share of the net pension liability associated with the employer		3,890,720
Total	\$	3,945,389

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. 26’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. 26’s proportion was .0000674024 percent, which was a decrease of .0000107002 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Regional Office of Education No. 26 recognized pension expense of \$422,435 and revenue of \$422,435 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 26 recognized pension income of \$43,767. At June 30, 2020, the Regional Office of Education No. 26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 896	\$ -
Net difference between projected and actual earnings on pension plan investments	87	-
Changes in assumptions	1,225	1,049
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,843	126,435
Employer contributions subsequent to the measurement date	6,674	-
Total	\$ 48,725	\$ 127,484

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**(Continued)**

\$6,674 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:

<b>Year Ending June 30</b>		
2021	\$	(50,799)
2022		(13,301)
2023		(13,199)
2024		(7,513)
2025		(621)
	<u>\$</u>	<u>(85,433)</u>

**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>	2.5 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

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:

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**(Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.3%
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>	<b>100.0%</b>	

**Discount Rate**

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0 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.

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 of 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.

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**(Concluded)**

**Sensitivity of the Regional Office of Education No. 26’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Regional Office of Education No. 26’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 (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Employer’s proportionate share of the net pension liability	\$ 66,773	\$ 54,669	\$ 44,717

**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*.

**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS**

**A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND**

**THIS Plan Description**

The Regional Office of Education No. 26 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).

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. TEACHERS' HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

**Benefits Provided**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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 requires 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. 26. For the year ended June 30, 2020, State of Illinois contributions recognized by the Regional Office of Education No. 26 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 26, and recognized revenue and expenditures of \$35,064 in OPEB contributions from the State of Illinois.

**Employer Contributions to the THIS Fund**

The Regional Office of Education No. 26 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. 26 paid \$5,011 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the Regional Office paid \$4,831 and \$4,924 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**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".

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement date, 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 post- 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 annuitant’s 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.

**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 bond 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).

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. **TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)**

**Single Discount Rate (Concluded)**

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.

**Sensitivity of the Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Single Discount Rate**

The following presents the Regional Office of Education No. 26’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 Single Discount rate that is one percentage point higher (4.13%) or lower (2.13%) than the current discount rate:

	<b>1% Decrease (2.13%)</b>	<b>Current Discount Rate (3.13%)</b>	<b>1% Increase (4.13%)</b>
Employer’s proportionate share of the collective net OPEB liability	\$ 710,825	\$ 591,304	\$ 496,704

**Sensitivity of Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Regional Office of Education No. 26’s proportionate share of the collective net OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE’s proportionate of the collective net 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 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

**Sensitivity of Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Concluded)**

	1% Decrease (a)	Healthcare Cost Trend Rates	1% Increase (b)
Employer’s proportionate share of the collective net OPEB liability	\$ 477,634	\$ 591,304	\$ 744,563

(a) 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.

(b) 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 OPEBs**

At June 30, 2020, the Regional Office of Education No. 26 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. 26.

The amount recognized by the Regional Office of Education No. 26 as its proportionate share of the collective net OPEB liability, the related State support, and the total proportion of the collective net OPEB liability that was associated with the Regional Office of Education No. 26 were as follows:

Employer’s proportionate share of the collective net OPEB liability	\$	591,304
State’s proportionate share of the collective net OPEB liability associated with the employer		800,724
<b>Total</b>		<b>\$ 1,392,028</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 the June 30, 2019 measurement date.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. **TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)**

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

The Regional Office of Education No. 26’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 26’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 26, actuarially determined. At June 30, 2019, the ROE’s proportion was 0.002136%, which was a decrease of 0.000224% from its proportion measured as of June 30, 2018 of 0.002360%. The State’s support and total are for disclosure purposes only.

For the year ended June 30, 2020, the Regional Office of Education No. 26 recognized OPEB expense of \$35,064 and revenue of \$35,064 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 26 recognized OPEB expense of \$11,554. At June 30, 2020, the Regional Office of Education No. 26 had \$225 deferred outflows of resources and \$169,251 of deferred inflows of resources related to OPEB.

At June 30, 2020, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Deferred Amounts Related to OPEB</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 9,812
Net difference between projected and actual earnings on plan investments	-	19
Changes in assumptions	224	67,783
Changes in proportion and differences between employer contributions and proportionate share of contributions	1	91,637
Employer contributions subsequent to the measurement date	5,011	-
<b>Total</b>	<b>\$ 5,236</b>	<b>\$ 169,251</b>

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Concluded)

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

\$5,011 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 26 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 and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 26’s OPEB expense as follows in these reporting years:

<b>Year Ending June 30</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2021	\$ (23,188)
2022	(23,188)
2023	(23,188)
2024	(23,189)
2025	(23,183)
Thereafter	(53,090)
Total	<u>\$ (169,026)</u>

**THIS Fiduciary Net Position**

Detailed information about the THIS Fund fiduciary net position as of June 30, 2019, is available in the separately issued THIS Financial Report.

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN

**Plan Description**

The Regional Office of Education No. 26 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.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)**

**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)

**Benefits Provided**

The Regional Office of Education No. 26 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 HSA 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. Retirees may not continue employer sponsored insurance in retirement past Medicare eligibility.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)**

**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	28
Total	28

**Funding Policy and Contributions**

Benefits are paid by the WAS Plan for Medical, prescription drug, dental and vision 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.

Contributions from Other ROE Resources of \$11,153 and Benefit Payments of \$11,153 from Other ROE 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (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 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and the 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.
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 6.87% (\$1,000 and \$2,000 Deductible Plans) and gradually decreases to an ultimate trend of 5.00% in 2029.

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 74/75.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)**

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 are no participants impacted by this assumption.

The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 74/75.

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 74/75.

This reporting is based on limited-year reporting. Limited-year reporting relies on census, medical information – including claims and premiums, and benefit information utilized in the GASB 74/75 valuation as of July 1, 2018. This information is not updated in the limited-year report. The limited-year report does reflect updates to the Measurement Date, discount rate, and Covered-Employee Payroll.

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

- Changes of assumptions reflect a change in the discount rate from 3.50% at the beginning of fiscal year 2020 to 2.21% at the end of fiscal year 2020.
- The assumed long-term inflation expectation has been decreased from 2.5% to 2.25%.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balances at July 1, 2019</b>	<b>\$ 218,857</b>
<b>Changes for the period:</b>	
Service Cost	4,841
Interest Cost	7,464
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	24,011
Benefit Payments	(11,153)
Net Changes	25,163
<b>Balances at June 30, 2020</b>	<b>\$ 244,020</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. 26, 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 assets is used to determine the portion of the net 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 net OPEB liability associated with those payments.

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.

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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)

**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% at the beginning of fiscal year 2020 to 2.21% at the end of fiscal year 2020.

**Sensitivity of the Discount Rate**

The following presents the Regional Office of Education No. 26’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>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(1.21%)</b>	<b>(2.21%)</b>	<b>(2.21%)</b>	<b>(3.21%)</b>
ROE’s Total OPEB Liability	\$ 265,822	\$ 244,020	\$	224,999

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
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**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Concluded)**

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Concluded)

**Sensitivity of the Healthcare Trend Rates**

The following presents the Regional Office of Education No. 26’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 6.87% in 2020 decreasing to an ultimate trend rate of 5.0% in 2029.

	<b>1% Decrease</b> <small>(Varies)</small>		<b>Healthcare Cost Trend Rates</b> <small>(Varies)</small>		<b>1% Increase</b> <small>(Varies)</small>
ROE’s Total					
OPEB Liability \$	217,970	\$	244,020	\$	274,042

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

For the year ended June 30, 2020, the Regional Office of Education No. 26 recognized OPEB expense of \$25,163. At June 30, 2020 the Regional Office of Education No. 26 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

**NOTE 7 – RISK MANAGEMENT**

The Regional Office of Education No. 26 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. 26 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.

**NOTE 8 – 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 Funds Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8 – INTERFUND ACTIVITY (Concluded)**

DUE TO/FROM OTHER FUNDS (Concluded)

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Funds		
County	\$ -	\$ 93,479
Regional Programs	-	330,782
Alternative Schools	470,572	-
Edgenuity	79,175	-
Education Funds		
Child and Family Connections	-	86,914
CEO Midland Institute Fund	-	7,523
Early Childhood Block Grant	-	7,181
McKinney Education for Homeless Children	-	22,820
ESSER	-	1,047
Title II – Teacher Quality	-	1
	<u>\$ 549,747</u>	<u>\$ 549,747</u>

TRANSFERS

Interfund transfers in/out to other funds at June 30, 2020, consist of the following individual transfers in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Funds		
Regional Programs	\$ 3,411	\$ 1,062
Online Clearing	-	1,181
Education Funds		
Family Violence	-	1,141
Title I- Foundational Services	-	27
	<u>\$ 3,411</u>	<u>\$ 3,411</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 9 – OPERATING LEASES**

The Regional Office of Education No. 26 leases classroom and office space from various parties. During the fiscal year 2018, the Regional Office of Education No. 26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease term began on August 1, 2014, and ended on July 31, 2015, but was renewed for the multiple periods including July 1, 2019 through June 30, 2020 at the same monthly rate.

The Regional Office of Education No. 26 leases office space located at 749 E. Locust St., Canton, Illinois. The lease for the year ended June 30, 2020 was \$32,000 plus reimbursement for improvements per schedule. The lease term is from July 1, 2018 through June 30, 2019. The agreement will automatically renew for annual terms unless written notice is given by May 1 of each year. Reimbursement for improvements total \$24,865 will be paid over a seven-year schedule through 2025. If the lease is cancelled at any time before the reimbursements are paid off, an immediate payment of the balance remaining is required.

The Regional Office of Education No. 26 leases office space located on 341 South Johnson Street, Macomb, Illinois for \$2,500 per month. The lease term is from July 1, 2017, to June 30, 2019. This lease was extended for an additional year ended June 20, 2020.

The Regional Office of Education No. 26 has a lease agreement from July 1, 2017 through June 30, 2020, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month. A new lease was signed on June 4, 2020 for the lease term from July 1, 2020 through June 30, 2023 for \$2,250 per month.

The Regional Office leased office space located at 616 East Polk, Cuba, Illinois for \$200 per month. The lease ran from July 1, 2019 through June 30, 2020, with an option to renew yearly.

The Regional Office leased office space located at 500 Wabash, Carthage, Illinois for \$100 per month. This is a month-to-month lease that may be canceled with 30 days' notice.

Total lease expense for the year ended June 30, 2020 was \$105,152. Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	
2021	\$ 30,552
2022	30,552
2023	30,552
2024	3,552
2025	3,552
2026 and thereafter	-
Total	<u>\$ 98,760</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 10 – CAPITAL ASSET ACTIVITY**

In accordance with GASB Statement No. 34, the Regional Office of Education No. 26 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 Regional Office’s assets consist of buildings, software, and equipment. 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:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Governmental Activities:</b>				
Software, Furniture and Equipment, and Building	\$ 298,639	\$ 24,653	\$ (3,410)	\$ 319,882
Governmental Activities Total Assets	298,639	24,653	(3,410)	319,882
Less Accumulated Depreciation	204,227	31,393	(3,410)	232,210
<b>Governmental Activities</b>				
<b>Investment in Capital Assets, Net</b>	<u>\$ 94,412</u>	<u>\$ (6,740)</u>	<u>\$ -</u>	<u>\$ 87,672</u>
<b>Business-type Activities:</b>				
Building	\$ 76,596	\$ -	\$ -	\$ 76,596
Software, Furniture and Equipment	14,861	-	-	14,861
Business-type Activities Total Assets	91,457	-	-	91,457
Less Accumulated Depreciation	44,393	2,738	-	47,131
<b>Business-type Activities</b>				
<b>Investment in Capital Assets, Net</b>	<u>\$ 47,064</u>	<u>\$ (2,738)</u>	<u>\$ -</u>	<u>\$ 44,326</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2020 of \$31,393 and \$2,738 was charged to the governmental activities – Instructional Services and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 11 – LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities during the fiscal year:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
Compensated Absences	\$ 78,551	\$ 28,689	\$ -	\$ 107,240
Net Pension Liability – TRS	60,877	-	6,208	54,669
Net Pension Liability – IMRF	362,855	-	317,679	45,176
OPEB Liability – THIS	621,830	-	30,526	591,304
OPEB Liability – WAS	218,857	36,316	11,153	244,020
	<u>\$ 1,342,970</u>	<u>\$ 65,005</u>	<u>\$ 365,566</u>	<u>\$ 1,042,409</u>

**NOTE 12 – ON-BEHALF PAYMENTS**

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 26:

Regional Superintendent Salary	\$ 114,648
Assistant Regional Superintendent Salary	103,188
Regional Superintendent Benefits (includes State-paid insurance)	30,311
Assistant Regional Superintendent Benefits (includes State-paid insurance)	32,233
Total	<u>\$ 280,380</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 (ISBE). These amounts have been reported in the accompanying governmental fund financial statements as State revenue and expenditures.

Regional Office of Education No. 26 also recorded \$422,435 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 \$35,064 in revenue and expenses as on-behalf payments from the THIS fund for the Regional Office of Education No. 26’s share of the OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 26 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

Total on-behalf payments reported in the Statement of Activities follows:

State of Illinois on-behalf payments	\$ 280,380
ROE No. 26’s share of TRS pension expense	422,435
ROE No. 26’s share of THIS OPEB expense	35,064
Total	<u>\$ 737,879</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 26’s General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:	
<u>General Fund</u>	
Local Governments	\$ 99,090
<u>Education Fund</u>	
Illinois State Board of Education	188,493
Department of Human Services	100,376
Local Governments	7,523
<u>Proprietary Funds</u>	
Local Governments	463,940
<u>Fiduciary Funds</u>	
Illinois State Board of Education	1,231,604
Total	<u>\$ 2,091,026</u>

Due to Other Governments:	
<u>Proprietary Funds</u>	
Local Governments	\$ 132,572
<u>Fiduciary Funds</u>	
Local Governments	1,322,252
Total	<u>\$ 1,454,824</u>

**NOTE 14 – 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 over expend appropriations during the year they are required to be disclosed.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020**

**NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Concluded)**

The following funds had fund deficits as of June 30, 2020:

<b>Fund</b>	<b>Amount</b>
Governmental Funds:	
General Funds	
County	\$ 95,966
Regional Programs	331,263
Total General Funds	\$ 427,229
 Education Funds	
Child & Family Connections	\$ 44,443
ESSER	140
Title II - Teacher Quality	1
Total Education Funds	\$ 44,584

**NOTE 15 – 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. 26. 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. 26 continued to function efficiently while its staff were sheltered at home due to the pandemic from March 2020 until June 2020. The Regional Office of Education No. 26 is no longer working remotely and is at full capacity at all its physical locations.

If the pandemic continues for longer than anticipated, it is possible that the Regional Office of Education No. 26's revenue stream for the Fiscal Year 2021 could be negatively impacted. However, the Regional Office of Education No. 26's management has no such expectation at this time.

REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than Management's Discussion and Analysis)

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**LAST SIX CALENDAR YEARS**  
**(UNAUDITED)**

Calendar Year Ended December 31,	2019	2018	2017	2016	2015	2014*
<b>Total Pension Liability</b>						
Service Cost	\$ 93,632	\$ 82,114	\$ 79,094	\$ 80,033	\$ 153,971	\$ 83,338
Interest on the Total Pension Liability	280,971	255,129	252,866	257,216	229,588	171,386
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual						
Experience of the Total Pension Liability	37,898	119,243	(116,116)	(302,162)	107,718	(18,897)
Changes of Assumptions	-	119,367	(88,793)	-	-	84,040
Benefit Payments, including Refunds of						
Employee Contributions	(111,729)	(103,995)	(89,109)	(96,141)	(75,704)	(84,570)
<b>Net Change in Total Pension Liability</b>	<u>\$ 300,772</u>	<u>\$ 471,858</u>	<u>\$ 37,942</u>	<u>\$ (61,054)</u>	<u>\$ 415,573</u>	<u>\$ 235,297</u>
<b>Total Pension Liability - Beginning</b>	<u>3,884,515</u>	<u>3,412,657</u>	<u>3,374,715</u>	<u>3,435,769</u>	<u>3,020,196</u>	<u>2,285,429</u>
<b>Total Pension Liability - Ending (A)</b>	<u><u>\$ 4,185,287</u></u>	<u><u>\$3,884,515</u></u>	<u><u>\$3,412,657</u></u>	<u><u>\$3,374,715</u></u>	<u><u>\$3,435,769</u></u>	<u><u>\$2,520,726</u></u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 51,644	\$ 85,704	\$ 72,114	\$ 97,547	\$ 95,671	\$ 86,972
Contributions - Employees	41,353	40,421	38,484	39,097	41,338	33,791
Net Investment Income	633,226	(168,667)	544,474	(52,879)	334,849	137,716
Benefit Payments, including Refunds of Employee						
Contributions	(111,729)	(103,995)	(89,109)	(96,141)	(75,704)	(84,570)
Other (Net Transfer)	3,957	47,688	(131,898)	2,508	(47,116)	(1,818)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>\$ 618,451</u>	<u>\$ (98,849)</u>	<u>\$ 434,065</u>	<u>\$ (9,868)</u>	<u>\$ 349,038</u>	<u>\$ 172,091</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,521,660</u>	<u>3,620,509</u>	<u>3,186,444</u>	<u>3,196,312</u>	<u>2,847,274</u>	<u>2,207,902</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u><u>\$ 4,140,111</u></u>	<u><u>\$3,521,660</u></u>	<u><u>\$3,620,509</u></u>	<u><u>\$3,186,444</u></u>	<u><u>\$3,196,312</u></u>	<u><u>\$2,379,993</u></u>
<b>Net Pension Liability (Asset) - Ending (A) - (B)</b>	<u><u>\$ 45,176</u></u>	<u><u>\$ 362,855</u></u>	<u><u>\$ (207,852)</u></u>	<u><u>\$ 188,271</u></u>	<u><u>\$ 239,457</u></u>	<u><u>\$ 140,733</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	98.92%	90.66%	106.09%	94.42%	93.03%	94.42%
<b>Covered Payroll</b>	\$ 918,951	\$ 860,486	\$ 777,091	\$ 766,881	\$ 760,063	\$ 662,005
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	4.92%	42.17%	(26.75%)	24.55%	31.50%	21.26%

**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.

\* 2014 amounts represent Hancock/McDonough Counties only. Fulton and Schuyler Counties were consolidated in the Fulton/Hancock/McDonough/Schuyler Counties Educational Service Region effective July 1, 2015.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST SIX FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 90,443	\$ 90,443	\$ -	\$ 979,442	9.23%
2019	89,596	89,596	-	892,111	10.04%
2018	80,931	80,931	-	840,431	9.63%
2017	81,274	81,274	-	738,695	11.00%
2016	97,264	97,264	-	764,652	12.72%
2015	98,540	98,540	-	753,292	13.08%

**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.

***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 are 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>	2.5%, approximate
<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 RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted 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, in 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**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 +**  
**(UNAUDITED)**

	FY19*	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000674024%	0.0000781026%	0.0001798824%	0.0088880000%	0.0004787691%	0.0004288104%
Employer's proportionate share of the net pension liability	\$ 54,669	\$ 60,877	\$ 137,427	\$ 70,163	\$ 313,642	\$ 260,967
State's proportionate share of the net pension liability associated with the employer	3,890,720	4,170,328	4,054,283	4,710,897	3,762,668	2,627,105
<b>Total</b>	<b>\$ 3,945,389</b>	<b>\$ 4,231,205</b>	<b>\$ 4,191,710</b>	<b>\$ 4,781,060</b>	<b>\$ 4,076,310</b>	<b>\$ 2,888,072</b>
Employer's covered payroll	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Additional employer's covered payroll due to consolidation	-	-	-	-	127,241	-
Total employer's covered payroll	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491	\$ 567,286	\$ 431,540
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.4%	10.9%	25.1%	11.8%	55.3%	60.5%
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

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**FOR THE YEAR ENDED JUNE 30, 2020 +**  
**(UNAUDITED)**

	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 6,674	\$ 6,306	\$ 6,582	\$ 7,410	\$ 3,443	\$ 16,037	\$ 15,300
Contributions in relation to the statutorily required contribution	6,674	6,306	6,582	7,410	3,443	16,083	15,589
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (46)	\$ (289)
Employer's Covered payroll	\$ 544,693	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Contributions as a percentage of covered payroll	1.23%	1.20%	1.18%	1.35%	0.58%	3.65%	3.61%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Changes of assumptions**

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE**  
**OF THE COLLECTIVE NET OPEB LIABILITY**  
**TEACHERS' HEALTH INSURANCE SECURITY FUND**  
**For the Years Ended June 30**  
**(UNAUDITED)**

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.002136%	0.002360%	0.002380%	0.002548%
Employer's proportionate share of the collective net OPEB liability	\$ 591,304	\$ 621,830	\$ 617,612	\$ 696,526
State's proportionate share of the collective net OPEB liability associated with the employer	<u>800,724</u>	<u>835,024</u>	<u>811,048</u>	<u>965,837</u>
<b>Total</b>	<u>\$ 1,392,028</u>	<u>\$ 1,456,854</u>	<u>\$ 1,428,660</u>	<u>\$ 1,662,363</u>
Employer's covered payroll	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.60%	111.14%	112.81%	117.36%
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*

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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEACHERS' HEALTH INSURANCE SECURITY FUND**  
**For the Years Ended June 30**  
**(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 5,011	\$ 4,831	\$ 4,924	\$ 4,599	\$ 4,748
Contribution in relation to the statutorily required contribution	5,011	4,831	4,924	4,599	4,748
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 544,693	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491
Contributions as a percentage of covered payroll	0.92%	0.92%	0.88%	0.84%	0.80%

Note:

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**TEACHERS' HEALTH INSURANCE SECURITY FUND**  
**For the Year Ended June 30, 2020**  
**(UNAUDITED)**

**1. CHANGES OF BENEFIT TERMS**

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

**2. CHANGES OF ASSUMPTIONS**

For the 2019 and 2018 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.5 and 2.75 percent, respectively. Salary increases were assumed to depend on service and range from 9.50% at 1 year of service to 4.00% at 20 or more years of service in 2019 and 9.25% at 1 year of service to 3.25% at 20 or more years of service in 2018. Salary increase includes a 3.25% wage inflation assumption. Discount rate used to calculate the present values and costs of the OPEB was 3.13 % at June 30, 2019 and 3.62% at June 30, 2018.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS  
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN  
FOR THE YEAR ENDED JUNE 30  
(UNAUDITED)**

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 4,841	\$ 4,502	\$ 3,049
Interest Cost	7,464	7,881	1,003
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(25,772)	-
Changes of Assumptions	24,011	210,463	-
Benefit Payments	(11,153)	(7,396)	-
<b>Net Change in OPEB Liability</b>	<b>\$ 25,163</b>	<b>\$ 189,678</b>	<b>\$ 4,052</b>
<b>Total OPEB Liability - Beginning</b>	<b>218,857</b>	<b>29,179</b>	<b>25,127</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 244,020</b>	<b>\$ 218,857</b>	<b>\$ 29,179</b>
<b>Covered Payroll</b>	<b>\$ 1,290,509</b>	<b>\$ 1,232,569</b>	<b>\$ 1,223,193</b>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>18.91%</b>	<b>17.76%</b>	<b>2.39%</b>

**Notes to Schedule:**

**Changes of Benefit Terms**

In the June 30, 2020 actuarial valuation, the dental and vision benefits were removed in the current year.

**Changes of Assumptions**

The following are the changes in assumptions for the July 1, 2019 actuarial valuation:

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

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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN  
For the Years Ended June 30  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution (ADC)	N/A	N/A	N/A
Contribution in relation to the actuarially determined contribution	-	-	-
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Employer's covered payroll	\$ 1,290,509	\$ 1,232,569	\$ 1,223,193
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

Notes to Schedule of Contributions:

There is no ADC or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB Liability. However, the ROE did make contributions from other ROE resources in the current year in the amount of \$11,153.

SUPPLEMENTAL INFORMATION

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 June 30, 2020

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 73,573	\$ -	\$ 158,303	\$ -	\$ 231,876
Due from other funds	-	-	-	470,572	79,175	-	549,747
Due from other governments	-	-	-	38,550	60,540	-	99,090
Local	-	2,388	-	-	-	-	2,388
Prepaid expenses	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 2,388	\$ 73,573	\$ 509,122	\$ 298,018	\$ -	\$ 883,101
<b>LIABILITIES</b>							
Accrued expenses	\$ 2,487	\$ 2,869	\$ -	\$ 28,815	\$ -	\$ -	\$ 34,171
Due to other funds	93,479	330,782	-	-	-	-	424,261
Total Liabilities	95,966	333,651	-	28,815	-	-	458,432
<b>FUND BALANCE (DEFICIT)</b>							
Nonspendable	-	2,388	-	-	-	-	2,388
Unassigned	(95,966)	(333,651)	73,573	480,307	298,018	-	422,281
Total Fund Balance (Deficit)	(95,966)	(331,263)	73,573	480,307	298,018	-	424,669
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>							
	\$ -	\$ 2,388	\$ 73,573	\$ 509,122	\$ 298,018	\$ -	\$ 883,101

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 For the Year Ended June 30, 2020

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
<b>Revenues</b>							
Local sources	\$ 237,891	\$ 5,391	\$ -	\$ 104,973	\$ 140,953	\$ -	\$ 489,208
State sources	-	-	-	466,333	-	-	466,333
On-behalf payments - State	-	280,380	-	-	-	-	280,380
Federal sources	-	-	-	12,251	-	-	12,251
Investment earnings	-	-	1,831	-	-	-	1,831
<b>Total Revenues</b>	<b>237,891</b>	<b>285,771</b>	<b>1,831</b>	<b>583,557</b>	<b>140,953</b>	<b>-</b>	<b>1,250,003</b>
<b>Expenditures</b>							
Instructional Services:							
Salaries and benefits	174,140	9,275	-	407,462	18,571	-	609,448
Pension expense	15,142	-	-	4,069	1,284	-	20,495
OPEB expense	-	5,011	-	-	-	-	5,011
Purchased services	48,696	12,520	-	141,456	36,176	-	238,848
Supplies and materials	2,756	6,246	-	22,925	-	-	31,927
Other objects	-	349	-	-	100	-	449
Capital outlay	-	350	-	15,314	-	-	15,664
On-behalf payments - State	-	280,380	-	-	-	-	280,380
<b>Total Expenditures</b>	<b>240,734</b>	<b>314,131</b>	<b>-</b>	<b>591,226</b>	<b>56,131</b>	<b>-</b>	<b>1,202,222</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,843)</b>	<b>(28,360)</b>	<b>1,831</b>	<b>(7,669)</b>	<b>84,822</b>	<b>-</b>	<b>47,781</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	3,411	-	-	-	-	3,411
Transfers out	-	(1,062)	-	-	-	(1,181)	(2,243)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,181)</b>	<b>1,168</b>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<b>(2,843)</b>	<b>(26,011)</b>	<b>1,831</b>	<b>(7,669)</b>	<b>84,822</b>	<b>(1,181)</b>	<b>48,949</b>
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<b>(93,123)</b>	<b>(305,252)</b>	<b>71,742</b>	<b>487,976</b>	<b>213,196</b>	<b>1,181</b>	<b>375,720</b>
<b>FUND BALANCE (DEFICIT), ENDING</b>	<b>\$ (95,966)</b>	<b>\$ (331,263)</b>	<b>\$ 73,573</b>	<b>\$ 480,307</b>	<b>\$ 298,018</b>	<b>\$ -</b>	<b>\$ 424,669</b>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2020

	Child and Family Connections	Early Childhood Grant	Early Childhood Block Grant	Family Violence	Hearing/Vision Screening	Local Donations
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 1,911	\$ -	\$ -	\$ 7,158	\$ 713
Due from other governments						
Local	-	-	-	-	-	-
State	100,376	39,188	25,910	-	-	-
Federal	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 100,376</b>	<b>\$ 41,099</b>	<b>\$ 25,910</b>	<b>\$ -</b>	<b>\$ 7,158</b>	<b>\$ 713</b>
<b>Liabilities</b>						
Accounts payable	\$ 5,659	\$ 345	\$ 11,902	\$ -	\$ -	\$ -
Accrued expenses	-	30,451	-	-	-	-
Due to other funds	86,914	-	7,181	-	-	-
Unearned revenue	-	10,303	6,827	-	-	-
<b>Total Liabilities</b>	<b>\$ 92,573</b>	<b>\$ 41,099</b>	<b>\$ 25,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	52,246	-	-	-	-	-
<b>Fund Balance (Deficit)</b>						
Restricted	-	-	-	-	7,158	713
Unassigned	(44,443)	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(44,443)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,158</b>	<b>713</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)</b>	<b>\$ 100,376</b>	<b>\$ 41,099</b>	<b>\$ 25,910</b>	<b>\$ -</b>	<b>\$ 7,158</b>	<b>\$ 713</b>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2020

	McKinney Education for Homeless Children	Regional Safe Schools	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 5,289	\$ 782	\$ 366	\$ 9,223
Due from other governments						
Local	-	-	-	-	-	-
State	-	-	-	-	-	-
Federal	65,075	-	-	-	-	-
Total Assets	\$ 65,075	\$ -	\$ 5,289	\$ 782	\$ 366	\$ 9,223
Liabilities						
Accounts payable	\$ 27,048	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	22,820	-	-	-	-	-
Unearned revenue	8,550	-	-	-	-	9,223
Total Liabilities	\$ 58,418	\$ -	\$ -	\$ -	\$ -	\$ 9,223
Deferred Inflows of Resources						
Unavailable revenue	6,657	-	-	-	-	-
Fund Balance (Deficit)						
Restricted	-	-	5,289	782	366	-
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	5,289	782	366	-
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 65,075	\$ -	\$ 5,289	\$ 782	\$ 366	\$ 9,223

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2020

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Education	Truants Alternative Optional Education Program Training	United Way
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 960	\$ -	\$ 2,706	\$ 61,135	\$ 5,214
Due from other governments						
Local	-	-	-	-	-	-
State	-	-	-	7,188	50,000	-
Federal	-	-	-	-	-	-
Total Assets	\$ -	\$ 960	\$ -	\$ 9,894	\$ 111,135	\$ 5,214
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 960	\$ -	\$ -	\$ 10,500	\$ -
Accrued expenses	-	-	-	9,749	803	-
Due to other funds	-	-	1	-	-	-
Unearned revenue	-	-	-	145	50,000	-
Total Liabilities	-	960	1	9,894	61,303	-
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Fund Balance (Deficit)</b>						
Restricted	-	-	-	-	49,832	5,214
Unassigned	-	-	(1)	-	-	-
Total Fund Balance (Deficit)	-	-	(1)	-	49,832	5,214
<b>Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)</b>	\$ -	\$ 960	\$ -	\$ 9,894	\$ 111,135	\$ 5,214

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2020

	ROE/ISC Operations	CEO Midland Institute Fund	ESSER	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 1,475	\$ -	\$ -	\$ 96,932
Due from other governments				
Local	-	7,523	-	7,523
State	-	-	-	222,662
Federal	-	-	1,132	66,207
Total Assets	\$ 1,475	\$ 7,523	\$ 1,132	\$ 393,324
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 140	\$ 56,554
Accrued expenses	1,475	-	-	42,478
Due to other funds	-	7,523	1,047	125,486
Unearned revenue	-	-	-	85,048
Total Liabilities	1,475	7,523	1,187	309,566
Deferred Inflows of Resources				
Unavailable revenue	-	-	85	58,988
Fund Balance (Deficit)				
Restricted	-	-	-	69,354
Unassigned	-	-	(140)	(44,584)
Total Fund Balance (Deficit)	-	-	(140)	24,770
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 1,475	\$ 7,523	\$ 1,132	\$ 393,324

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2020**

	Child and Family Connections	Early Childhood Grant	Early Childhood Block Grant	Family Violence	Hearing/Vision Screening	Local Donations
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,281	\$ -
State sources	483,998	429,385	339,913	-	-	-
Federal sources	-	-	-	-	-	-
<b>Total Revenues</b>	<b>483,998</b>	<b>429,385</b>	<b>339,913</b>	<b>-</b>	<b>1,281</b>	<b>-</b>
<b>EXPENDITURES</b>						
Instructional Services:						
Salaries and benefits	394,930	290,253	251,284	-	10,481	-
Pension expense	35,993	12,470	24,078	-	-	-
Purchased services	89,075	34,230	54,049	-	4,338	-
Supplies and materials	4,847	22,439	3,336	-	165	-
Capital outlay	3,596	-	3,578	-	998	-
Intergovernmental:						
Payments to other governments	-	67,784	-	-	-	-
<b>Total Expenditures</b>	<b>528,441</b>	<b>427,176</b>	<b>336,325</b>	<b>-</b>	<b>15,982</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(44,443)</b>	<b>2,209</b>	<b>3,588</b>	<b>-</b>	<b>(14,701)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,141)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,141)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<b>(44,443)</b>	<b>2,209</b>	<b>3,588</b>	<b>(1,141)</b>	<b>(14,701)</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>-</b>	<b>(2,209)</b>	<b>(3,588)</b>	<b>1,141</b>	<b>21,859</b>	<b>713</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ (44,443)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,158</b>	<b>\$ 713</b>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
COMBINING SCHEDULE 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	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 8,041
State sources	-	60,092	38,053	-	-	-
Federal sources	241,167	-	-	-	-	-
Total Revenues	241,167	60,092	38,053	300	-	8,041
<b>EXPENDITURES</b>						
Instructional Services:						
Salaries and benefits	41,618	60,092	20,674	-	-	6,459
Pension expense	3,760	-	-	-	-	-
Purchased services	19,158	-	9,151	-	-	684
Supplies and materials	4,312	-	2,472	216	-	898
Capital outlay	-	-	467	350	-	-
Intergovernmental:						
Payments to other governments	154,456	-	-	-	-	-
Total Expenditures	223,304	60,092	32,764	566	-	8,041
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	17,863	-	5,289	(266)	-	-
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	17,863	-	5,289	(266)	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	(17,863)	-	-	1,048	366	-
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ -	\$ 5,289	\$ 782	\$ 366	\$ -

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2020**

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training	United Way
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	86,100	200,714	-
Federal sources	-	960	-	-	-	-
Total Revenues	-	960	-	86,100	200,714	-
<b>EXPENDITURES</b>						
Instructional Services:						
Salaries and benefits	-	-	-	73,080	82,136	-
Pension expense	-	-	-	4,310	10,231	-
Purchased services	-	960	-	8,710	83,326	-
Supplies and materials	-	-	-	-	275	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	-	-	-	-	2,095	-
Total Expenditures	-	960	-	86,100	178,063	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-	22,651	-
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(27)	-	-	-	-	-
Total Other Financing Sources (Uses)	(27)	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	(27)	-	-	-	22,651	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	27	-	(1)	-	27,181	5,214
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ -	\$ (1)	\$ -	\$ 49,832	\$ 5,214

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2020**

	ROE/ISC Operations	CEO Midland Institute Fund	ESSER	Totals
<b>REVENUES</b>				
Local sources	\$ -	\$ 27,688	\$ -	\$ 37,310
State sources	110,270	-	-	1,748,525
Federal sources	-	-	1,047	243,174
<b>Total Revenues</b>	<b>110,270</b>	<b>27,688</b>	<b>1,047</b>	<b>2,029,009</b>
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries and benefits	73,441	26,333	-	1,330,781
Pension expense	1,388	-	-	92,230
Purchased services	14,608	1,355	-	319,644
Supplies and materials	-	-	1,187	40,147
Capital outlay	-	-	-	8,989
Intergovernmental:				
Payments to other governments	20,833	-	-	245,168
<b>Total Expenditures</b>	<b>110,270</b>	<b>27,688</b>	<b>1,187</b>	<b>2,036,959</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(140)</b>	<b>(7,950)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,168)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,168)</b>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>(140)</b>	<b>(9,118)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,888</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (140)</b>	<b>\$ 24,770</b>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**CHILD AND FAMILY CONNECTIONS**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 548,892	\$ 525,944	\$ 483,998
Total Revenues	<u>\$ 548,892</u>	<u>\$ 525,944</u>	<u>\$ 483,998</u>
Expenditures			
Salaries and benefits	\$ 414,008	\$ 433,801	\$ 394,930
Pension expense	-	-	35,993
Purchased services	118,056	86,404	89,075
Supplies and materials	12,440	3,939	4,847
Capital outlay	4,388	1,800	3,596
Total Expenditures	<u>\$ 548,892</u>	<u>\$ 525,944</u>	<u>\$ 528,441</u>
Net change in fund balances	\$ -	\$ -	\$ (44,443)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (44,443)</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**EARLY CHILDHOOD GRANT (3705-00) - 2020**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 429,288	\$ 439,688	\$ 429,385
Total Revenues	<u>\$ 429,288</u>	<u>\$ 439,688</u>	<u>\$ 429,385</u>
Expenditures			
Salaries and benefits	\$ 322,072	\$ 300,172	\$ 290,253
Pension expense	-	-	12,470
Purchased services	30,619	33,619	34,230
Supplies and materials	20,597	37,153	22,439
Payments to other governments	56,000	68,744	67,784
Total Expenditures	<u>\$ 429,288</u>	<u>\$ 439,688</u>	<u>\$ 427,176</u>
Net change in fund balances	\$ -	\$ -	\$ 2,209
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(2,209)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2019 through June 30, 2021; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-01) - 2020  
 For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 342,000	\$ 346,740	\$ 339,913
Total Revenues	<u>\$ 342,000</u>	<u>\$ 346,740</u>	<u>\$ 339,913</u>
Expenditures			
Salaries and benefits	\$ 276,754	\$ 278,057	\$ 251,284
Pension expense	-	-	24,078
Purchased services	59,808	57,008	54,049
Supplies and materials	3,220	7,545	3,336
Capital outlay	-	4,130	3,578
Payments to other governments	2,218	-	-
Total Expenditures	<u>\$ 342,000</u>	<u>\$ 346,740</u>	<u>\$ 336,325</u>
Net change in fund balances	\$ -	\$ -	\$ 3,588
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(3,588)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2019 through August 31, 2020; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (18-4920)  
 For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 215,642	\$ 237,432	\$ (13,667)
Total Revenues	<u>\$ 215,642</u>	<u>\$ 237,432</u>	<u>\$ (13,667)</u>
Expenditures			
Salaries and benefits	\$ 42,960	\$ 41,329	\$ -
Purchased services	10,202	14,271	-
Supplies and materials	748	5,000	-
Payments to other governments	161,732	176,832	(1,176)
Total Expenditures	<u>\$ 215,642</u>	<u>\$ 237,432</u>	<u>\$ (1,176)</u>
Net change in fund balances	\$ -	\$ -	\$ (12,491)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>12,491</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN (19-4920)**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 229,060	\$ 249,174	\$ 39,642
Total Revenues	<u>\$ 229,060</u>	<u>\$ 249,174</u>	<u>\$ 39,642</u>
Expenditures			
Salaries and benefits	\$ 25,064	\$ 25,064	\$ -
Purchased services	18,844	21,344	1,404
Supplies and materials	7,357	4,857	3,340
Payments to other governments	177,795	197,909	3,835
Total Expenditures	<u>\$ 229,060</u>	<u>\$ 249,174</u>	<u>\$ 8,579</u>
Net change in fund balances	\$ -	\$ -	\$ 31,063
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(31,063)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (20-4920)  
 For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 224,585	\$ 224,585	\$ 191,660
Total Revenues	<u>\$ 224,585</u>	<u>\$ 224,585</u>	<u>\$ 191,660</u>
Expenditures			
Salaries and benefits	\$ 35,193	\$ 35,193	\$ 28,998
Pension expense	-	-	3,760
Purchased services	19,352	20,283	7,037
Supplies and materials	1,601	670	68
Payments to other governments	168,439	168,439	151,797
Total Expenditures	<u>\$ 224,585</u>	<u>\$ 224,585</u>	<u>\$ 191,660</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2019 through August 31, 2020; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN - ROE 26 Subgrant**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 27,121	\$ 27,121	23,532
Total Revenues	<u>\$ 27,121</u>	<u>\$ 27,121</u>	<u>\$ 23,532</u>
Expenditures			
Salaries and benefits	\$ 12,623	\$ 12,623	\$ 12,620
Purchased services	13,098	13,998	10,717
Supplies and materials	1,400	500	904
Total Expenditures	<u>\$ 27,121</u>	<u>\$ 27,121</u>	<u>\$ 24,241</u>
Net change in fund balances	\$ -	\$ -	\$ (709)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>709</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2019 through August 31, 2020; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 REGIONAL SAFE SCHOOLS (20-3696)  
 For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 60,092	\$ 60,092	\$ 60,092
Total Revenues	<u>\$ 60,092</u>	<u>\$ 60,092</u>	<u>\$ 60,092</u>
Expenditures			
Salaries and benefits	\$ 60,092	\$ 60,092	\$ 60,092
Total Expenditures	<u>\$ 60,092</u>	<u>\$ 60,092</u>	<u>\$ 60,092</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**REGIONAL SAFE SCHOOLS COOPERATIVE (20-3999)**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 38,053	\$ 38,053	\$ 38,053
Total Revenues	<u>\$ 38,053</u>	<u>\$ 38,053</u>	<u>\$ 38,053</u>
Expenditures			
Salaries and benefits	\$ 20,290	\$ 20,290	\$ 20,674
Purchased services	11,858	11,858	9,151
Supplies and materials	5,905	5,905	2,472
Capital outlay	-	-	467
Total Expenditures	<u>\$ 38,053</u>	<u>\$ 38,053</u>	<u>\$ 32,764</u>
Net change in fund balances	\$ -	\$ -	\$ 5,289
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,289</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TITLE II - TEACHER LEADERSHIP (20-4935-02)**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 960	\$ 960	\$ 960
Total Revenues	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 960</u>
Expenditures			
Purchased services	\$ 960	\$ 960	\$ 960
Total Expenditures	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 960</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE OPTIONAL EDUCATION (20-3695)**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 86,245	\$ 86,245	\$ 86,100
Total Revenues	<u>\$ 86,245</u>	<u>\$ 86,245</u>	<u>\$ 86,100</u>
Expenditures			
Salaries and benefits	\$ 77,218	\$ 77,218	\$ 73,080
Pension expense	-	-	4,310
Purchased services	9,027	9,027	8,710
Total Expenditures	<u>\$ 86,245</u>	<u>\$ 86,245</u>	<u>\$ 86,100</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING  
 (19-3695-PD)  
 For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 50,714
Total Revenues	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 50,714</u>
Expenditures			
Salaries and benefits	\$ 113,903	\$ 113,903	\$ 77,083
Purchased services	86,323	86,323	812
Supplies and materials	500	500	
Payments to other governments	2,124	2,124	-
Total Expenditures	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 77,895</u>
Net change in fund balances	\$ -	\$ -	\$ (27,181)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>27,181</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2018 through August 31, 2019; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING**  
**(20-3695-PD)**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 200,000	\$ 200,000	\$ 150,000
Total Revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>
Expenditures			
Salaries and benefits	\$ 82,397	\$ 82,397	\$ 5,053
Pension expense	-	-	10,231
Purchased services	116,031	115,031	82,514
Supplies and materials	-	1,000	275
Payments to other governments	1,572	1,572	2,095
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 100,168</u>
Net change in fund balances	\$ -	\$ -	\$ 49,832
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,832</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from October 1, 2019 through June 30, 2021; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**ROE/ISC OPERATIONS**  
**For the Year Ended June 30, 2020**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 110,270	\$ 110,270	\$ 110,270
Total Revenues	<u>\$ 110,270</u>	<u>\$ 110,270</u>	<u>\$ 110,270</u>
Expenditures			
Salaries and benefits	\$ 75,684	\$ 75,684	\$ 73,441
Pension expense	-	-	1,388
Purchased services	18,971	18,971	14,608
Payments to other governments	15,615	15,615	20,833
Total Expenditures	<u>\$ 110,270</u>	<u>\$ 110,270</u>	<u>\$ 110,270</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2020**

	General Education Development	Bus Driver Training	Institute	Totals
Assets				
Cash and cash equivalents	\$ 13,801	\$ 25,167	\$ 80,446	\$ 119,414
Total Assets	<u>\$ 13,801</u>	<u>\$ 25,167</u>	<u>\$ 80,446</u>	<u>\$ 119,414</u>
Fund Balance				
Restricted	\$ 13,801	\$ 25,167	\$ 80,446	\$ 119,414
Total Fund Balance	<u>13,801</u>	<u>25,167</u>	<u>80,446</u>	<u>119,414</u>
Total Liabilities and Fund Balance	<u>\$ 13,801</u>	<u>\$ 25,167</u>	<u>\$ 80,446</u>	<u>\$ 119,414</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**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
Revenues				
Local sources	\$ 2,288	\$ 2,850	\$ 24,355	\$ 29,493
State sources	-	1,367	-	1,367
Investment earnings	-	-	132	132
Total Revenues	<u>2,288</u>	<u>4,217</u>	<u>24,487</u>	<u>30,992</u>
Expenditures				
Instructional Services:				
Salaries and benefits	1,199	1,360	19,403	21,962
Pension expense	139	139	2,345	2,623
Purchased services	2,405	2,893	17,376	22,674
Supplies and material	219	623	7,500	8,342
Capital outlay	-	-	-	-
Total Expenditures	<u>3,962</u>	<u>5,015</u>	<u>46,624</u>	<u>55,601</u>
Net change in fund balance	(1,674)	(798)	(22,137)	(24,609)
Fund Balance, Beginning	<u>15,475</u>	<u>25,965</u>	<u>102,583</u>	<u>144,023</u>
Fund Balance, Ending	<u>\$ 13,801</u>	<u>\$ 25,167</u>	<u>\$ 80,446</u>	<u>\$ 119,414</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 26  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 June 30, 2020

	Distributive Fund	Administrators' Roundtable	Area III Superintendents	Hancock County Principals	Regional Board of School Trustees	School Occupation Facility Tax	Western Area Career System	Totals
Assets								
Cash and cash equivalents	\$ -	\$ 7,181	\$ 83,868	\$ 1,608	\$ 2,780	\$ 1	\$ (4,790)	\$ 90,648
Due from other governments	1,230,766	-	-	-	-	-	838	1,231,604
Total Assets	\$ 1,230,766	\$ 7,181	\$ 83,868	\$ 1,608	\$ 2,780	\$ 1	\$ (3,952)	\$ 1,322,252
Liabilities								
Due to other governments	\$ 1,230,766	\$ 7,181	\$ 83,868	\$ 1,608	\$ 2,780	\$ 1	\$ (3,952)	\$ 1,322,252
Total Liabilities	\$ 1,230,766	\$ 7,181	\$ 83,868	\$ 1,608	\$ 2,780	\$ 1	\$ (3,952)	\$ 1,322,252

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<b>Distributive Fund:</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 3,088,989	\$ 3,088,989	\$ -
Due from other governments	1,090,477	1,230,766	1,090,477	1,230,766
Total Assets	<u>\$ 1,090,477</u>	<u>\$ 4,319,755</u>	<u>\$ 4,179,466</u>	<u>\$ 1,230,766</u>
Liabilities				
Due to other governments	\$ 1,090,477	\$ 4,319,755	\$ 4,179,466	\$ 1,230,766
Total Liabilities	<u>\$ 1,090,477</u>	<u>\$ 4,319,755</u>	<u>\$ 4,179,466</u>	<u>\$ 1,230,766</u>
<b>Administrators' Roundtable:</b>				
Assets				
Cash and cash equivalents	\$ 6,334	\$ 2,100	\$ 1,253	\$ 7,181
Total Assets	<u>\$ 6,334</u>	<u>\$ 2,100</u>	<u>\$ 1,253</u>	<u>\$ 7,181</u>
Liabilities				
Due to other governments	\$ 6,334	\$ 2,100	\$ 1,253	\$ 7,181
Total Liabilities	<u>\$ 6,334</u>	<u>\$ 2,100</u>	<u>\$ 1,253</u>	<u>\$ 7,181</u>
<b>Area III Superintendents:</b>				
Assets				
Cash and cash equivalents	\$ 83,145	\$ 1,750	\$ 1,027	\$ 83,868
Total Assets	<u>\$ 83,145</u>	<u>\$ 1,750</u>	<u>\$ 1,027</u>	<u>\$ 83,868</u>
Liabilities				
Due to other governments	\$ 83,145	\$ 1,750	\$ 1,027	\$ 83,868
Total Liabilities	<u>\$ 83,145</u>	<u>\$ 1,750</u>	<u>\$ 1,027</u>	<u>\$ 83,868</u>
<b>Hancock County Principals:</b>				
Assets				
Cash and cash equivalents	\$ 1,293	\$ 315	\$ -	\$ 1,608
Total Assets	<u>\$ 1,293</u>	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 1,608</u>
Liabilities				
Due to other governments	\$ 1,293	\$ 315	\$ -	\$ 1,608
Total Liabilities	<u>\$ 1,293</u>	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 1,608</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<b>Regional Board of School Trustees:</b>				
Assets				
Cash and cash equivalents	\$ 1,793	\$ 3,000	\$ 2,013	\$ 2,780
Total Assets	<u>\$ 1,793</u>	<u>\$ 3,000</u>	<u>\$ 2,013</u>	<u>\$ 2,780</u>
Liabilities				
Due to other governments	\$ 1,793	\$ 3,000	\$ 2,013	\$ 2,780
Total Liabilities	<u>\$ 1,793</u>	<u>\$ 3,000</u>	<u>\$ 2,013</u>	<u>\$ 2,780</u>
<b>School Occupation Facility Tax:</b>				
Assets				
Cash and cash equivalents	\$ 1	\$ 4,391,778	\$ 4,391,778	\$ 1
Total Assets	<u>\$ 1</u>	<u>\$ 4,391,778</u>	<u>\$ 4,391,778</u>	<u>\$ 1</u>
Liabilities				
Due to other governments	\$ 1	\$ 4,391,778	\$ 4,391,778	\$ 1
Total Liabilities	<u>\$ 1</u>	<u>\$ 4,391,778</u>	<u>\$ 4,391,778</u>	<u>\$ 1</u>
<b>Western Area Career System:</b>				
Assets				
Cash and cash equivalents	\$ (887)	\$ -	\$ 3,903	\$ (4,790)
Due from other governments	974	838	974	838
Total Assets	<u>\$ 87</u>	<u>\$ 838</u>	<u>\$ 4,877</u>	<u>\$ (3,952)</u>
Liabilities				
Due to other governments	\$ 87	\$ -	\$ 4,039	\$ (3,952)
Total Liabilities	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ 4,039</u>	<u>\$ (3,952)</u>
<b>Totals:</b>				
Assets				
Cash and cash equivalents	\$ 91,679	\$ 7,487,932	\$ 7,488,963	\$ 90,648
Due from other governments	1,091,451	1,231,604	1,091,451	1,231,604
Total Assets	<u>\$ 1,183,130</u>	<u>\$ 8,719,536</u>	<u>\$ 8,580,414</u>	<u>\$ 1,322,252</u>
Liabilities				
Due to other governments	\$ 1,183,130	\$ 8,718,698	\$ 8,579,576	\$ 1,322,252
Total Liabilities	<u>\$ 1,183,130</u>	<u>\$ 8,718,698</u>	<u>\$ 8,579,576</u>	<u>\$ 1,322,252</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 26**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2020**

Distributions	Acct. No.	Western		West Central		Totals
		Area Career System		Illinois Special Ed		
<b>State Funds</b>						
Career & Technical Education Improvement	3220	\$ 414,106	\$ -	\$ -	\$ 414,106	
State Free Lunch & Breakfast	3360	-	465		465	
<b>Total State Funds</b>		<b>\$ 414,106</b>	<b>\$ 465</b>	<b>\$ -</b>	<b>\$ 414,571</b>	
<b>Federal Funds</b>						
National School Lunch Program	4210	\$ -	\$ 18,925	\$ 18,925	\$ 18,925	
School Breakfast Program	4220	-	11,146		11,146	
Fed.- Sp. Ed - Pre-School Flow Through	4600	-	81,195		81,195	
Fed.- Sp. Ed - I.D.E.A. Flow Through	4620	-	2,542,386		2,542,386	
CTE-Perkins Secondary	4745	20,766	-		20,766	
<b>Total Federal Funds</b>		<b>\$ 20,766</b>	<b>\$ 2,653,652</b>	<b>\$ -</b>	<b>\$ 2,674,418</b>	
<b>Total Distributions</b>		<b>\$ 434,872</b>	<b>\$ 2,654,117</b>	<b>\$ -</b>	<b>\$ 3,088,989</b>	