



**STATE OF ILLINOIS  
HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33**

**FINANCIAL AUDIT  
(In Accordance with the Uniform Guidance)  
For the Year Ended June 30, 2019**

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33**

**TABLE OF CONTENTS**

	<b>PAGE</b>	
<b>OFFICIALS</b> .....	1	
<b>COMPLIANCE REPORT SUMMARY</b> .....	2	
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	4	
<b>FINANCIAL SECTION</b>		
Independent Auditor’s Report.....	5	
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 <i>Government Auditing Standards</i> .....	8	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	10	
Schedule of Findings and Questioned Costs.....	13	
Financial Statement Findings.....	14	
Federal Award Findings.....	23	
Corrective Action Plan for Current Year Audit Findings.....	24	
Summary Schedule of Prior Audit Findings Not Repeated.....	29	
<b>BASIC FINANCIAL STATEMENTS</b>		
		<b>EXHIBIT</b>
Government-wide Financial Statements		
Statement of Net Position.....	A	30
Statement of Activities.....	B	31
Fund Financial Statements		
Governmental Funds – Balance Sheet.....	C	32
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	D	33
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E	34
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	F	35
Proprietary Funds – Statement of Net Position.....	G	36
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position.....	H	37
Proprietary Funds – Statement of Cash Flows.....	I	38
Fiduciary Funds – Statement of Fiduciary Net Position.....	J	39
Notes to Financial Statements.....		40

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33**

**TABLE OF CONTENTS (CONTINUED)**

		<b>PAGE</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & Related Ratios.....		83
Illinois Municipal Retirement Fund – Schedule of Employer Contributions.....		84
Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability & Schedule of Employer Contributions.....		85
Teachers’ Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net Other Postemployment Benefit Liability & Schedule of Employer Contributions.....		86
Western Area School Health Benefit Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios.....		87
 <b>SUPPLEMENTAL INFORMATION</b>		
	<b>SCHEDULE</b>	
General Fund Accounts:		
Combining Schedule of Accounts.....	1	88
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2	90
Education Fund Accounts:		
Combining Schedule of Accounts.....	3	92
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	4	98
Budgetary Comparison Schedules:		
McKinney Education for Homeless Children.....	5	104
Title II – Teacher Leadership.....	6	105
Regional Safe Schools.....	7	106
Regional Safe Schools Cooperative.....	8	107
ROE/ISC Operations.....	9	108
Title I – Foundational Services.....	10	109
Truants Alternative Education.....	11	110
Early Childhood Grant (3705-RX).....	12	111
Early Childhood Grant (3705-1R).....	13	112
Early Childhood Grant (3705-00).....	14	113
Early Childhood Block Grant (3705-01).....	15	114
Early Childhood – Monitoring.....	16	115
Title IV 21st Century Community Learning Center (4421-13)..	17	116
Title IV 21st Century Community Learning Center (4421-15)..	18	117
Title IV 21st Century Community Learning Center (4421-19)..	19	118
Adult Education and Family Literacy – State Basic.....	20	119

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33**

**TABLE OF CONTENTS (CONCLUDED)**

<b>SUPPLEMENTAL INFORMATION (CONCLUDED)</b>	<b>SCHEDULE</b>	<b>PAGE</b>
Education Fund Accounts: (Concluded)		
Budgetary Comparison Schedules: (Concluded)		
Adult Education and Family Literacy – State Performance.....	21	120
Federal Adult Education – Basic.....	22	121
AdvancED.....	23	122
Nonmajor Special Revenue Funds:		
Combining Balance Sheet.....	24	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	25	124
Fiduciary Funds:		
Combining Statement of Fiduciary Net Position – All Agency Funds.....	26	125
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....	27	126
Schedule of Expenditures of Federal Awards.....	28	127
Notes to the Schedule of Expenditures of Federal Awards .....		128

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(current and during the audit period)

Ms. Lori Loving

Offices are located at:

105 North E Street  
Monmouth, Illinois 61462

121 S. Prairie Street  
Galesburg, Illinois 61401

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMPLIANCE REPORT SUMMARY**

The compliance 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 on compliance and internal controls 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	5
Repeated audit findings	3	2
Prior recommendations implemented or not repeated	2	0

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<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>			
2019-001	14	Inadequate Internal Control Procedures	Noncompliance and Significant Deficiency
2019-002	17	Inadequate Controls Over Capital Assets	Significant Deficiency
2019-003	19	Delay of Audit	Noncompliance
2019-004	21	Improper Classification of Fund Activities	Significant Deficiency
<i>Findings and Questioned Costs (Federal Compliance)</i>			
2019-001	14	Inadequate Internal Control Procedures	Noncompliance and Significant Deficiency
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2018-001	29	Controls over Financial Statement Presentation	Material Weakness
2018-005	29	Uncollateralized Deposits	Significant Deficiency
<i>Prior Audit Findings not Repeated (Federal Compliance)</i>			
None			

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMPLIANCE REPORT SUMMARY – (CONCLUDED)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on February 28, 2020. Attending from the Regional Office of Education No. 33 were Jodi Scott, Regional Superintendent; Lori Loving, Assistant Regional Superintendent; Julie Lant, Bookkeeper/Payroll; and Ashley Evans, Bookkeeper; from the Office of the Auditor General were Jeanne Michaud and Beth Oberneufemann, Audit Managers; and from Adelfia LLC were Stella Marie Santos, Jennifer Roan, Maria Divina Valera, Partners. Responses to the recommendations were provided by Jodi Scott, Regional Superintendent, on February 28, 2020.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's basic financial statements.



## INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33, as of June 30, 2019, 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 the Employer’s Proportionate Share of the Collective Net Other Postemployment Benefit Liability & Schedule of Employer Contributions, and Western Area School Health Benefit Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 83 through 87 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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's basic financial statements. The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 Expenditures of Federal Awards, as required by the Uniform Guidance 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 Expenditures of Federal Awards, as required by the Uniform Guidance 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 6, 2020 on our consideration of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33'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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33'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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
July 6, 2020



**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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33’s basic financial statements, and have issued our report thereon dated July 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33’s internal control over financial reporting (internal control) to determine the 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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33’s internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, and 2019-004 that we consider to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33'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 determination of financial statement amounts. 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 Questioned Costs as item 2019-003.

### Regional Office of Education No. 33's Responses to Findings

Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33'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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33'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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
July 6, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Regional Office of Education No. 33's major federal programs for the year ended June 30, 2019. The Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Henderson, Knox, Mercer, and Warren Counties

Regional Office of Education No. 33's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

#### Other Matters

The result of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

Management of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal*

*control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a significant deficiency.

Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
July 6, 2020

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 SECTION I – SUMMARY OF AUDITOR’S RESULTS  
 For the Year Ended June 30, 2019**

**Financial Statements in accordance with GAAP**

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:  
 Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major federal programs:  
 Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified?  yes  none reported

Type of auditor’s report issued on compliance  
 for major federal programs: *Unmodified*

Any audit findings disclosed that are required  
 to be reported in accordance with 2 CFR  
 200.516(a)?  yes  no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.287C	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-001 - Inadequate Internal Control Procedures (Repeat from Finding 18-002, 17-002, and 16-002)**

**Federal Program Name:** Twenty-First Century Community Learning Centers  
**Project No.:** 2019-4421-13, 2019-4421-15, 2019-4421-19  
**CFDA No.:** 84.287C  
**Passed Through:** Illinois State Board of Education  
**Federal Agency:** U.S. Department of Education

**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.

Item 5 of Section A of the Illinois State Board of Education's State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures requires grantees with an approved state and/or federal grant program to submit quarterly expenditure reports, at minimum, on or before 20 calendar days after the end of the reporting quarter.

**CONDITION:**

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

- A. No documented evidence of independent review of completed bank reconciliations.
- B. The first quarter expenditure reports for the following grants were filed between eleven and eighty-nine days late:

Submitted October 31, 2018 (11 days late)

- Truants Alternative/Optional Education
- Title II – Teacher Quality – Leadership Grant

Submitted November 2, 2018 (13 days late)

- Regional Safe Schools
- Early Childhood 2019-3705-00
- ROE/ISC Operations
- Other State Programs

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-001 - Inadequate Internal Control Procedures (Repeat from Finding 18-002, 17-002, and 16-002) (Continued)**

- Title IV - 21st Century Community Learning Centers 2019-4421-13, 2019-4421-15, and 2019-4421-19 (CFDA No. 84.287C)

Submitted January 17, 2019 (89 days late)

- Early Childhood 2019-3705-01 and 2019-3705-PE

**QUESTIONED COSTS:**

None

**CONTEXT:**

Total expenditures of federal awards for the Twenty-First Century Community Learning Centers was \$600,882. The total expenditures reported during the first quarter totaled \$16,052.

**EFFECT:**

Lack of sufficient internal controls over the financial processes of the Regional Office of Education No. 33 could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties. Late submission of expenditure reports results in non-compliance with grant requirements and may affect future funding by grantors.

**CAUSE:**

Regional Office of Education No. 33 officials indicated, with the understanding that they were short-staffed, an additional full-time bookkeeper was hired on August 2019, to take over the accounts payable responsibilities. At that time, the current bookkeeper was in the process of training the new bookkeeper and working to keep up with the other daily tasks and reporting. These issues resulted in the conditions noted above.

**RECOMMENDATION:**

The Regional Office of Education No. 33 should have an individual, independent of the general ledger processes, review the bank reconciliation to ensure timely completion and agreement to the general ledger. This review should be documented.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-001 - Inadequate Internal Control Procedures (Repeat from Finding 18-002, 17-002, and 16-002) (Concluded)**

In addition, the Regional office should develop internal controls to ensure expenditure reports are submitted by the grantors due date.

**MANAGEMENT'S RESPONSE:**

- A. The Regional Office of Education (ROE) No. 33 hires an outside consultant, to reconcile bank accounts each month. After the outside consultant completes the reconciliations, the ROE No. 33 bookkeeper rechecks and submits all documentation to the Regional Superintendent for approval.
  
- B. During the past few years, there has only been one ROE No. 33 bookkeeper/payroll person to prepare and provide information needed for reporting deadlines and auditing. The ROE hired an additional full-time bookkeeper on August 19, 2019 to take over the accounts payable responsibilities. Having two bookkeepers and having processes put in place will help ensure the Regional Office of Education submit grant expenditure reports by the due dates.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II - FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2019**

**FINDING 2019-002 - Inadequate Controls Over Capital Assets (Partial Repeat from Finding 18-003)**

**CRITERIA/SPECIFIC REQUIREMENT:**

The *Regional Office of Education (ROE) Accounting Manual* requires each ROE to maintain detailed fixed asset records for both accounting purposes, as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include the following: the inventory control number (tag number); major asset class; function and activity; reference to the acquisition source document; acquisition date; vendor; a short description of the asset; unit charged with custody; location; fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

**CONDITION:**

The Regional Office of Education No. 33 did not have adequate controls over fixed assets.

During our audit, we noted the following:

- A. The capital asset listings were maintained in a spreadsheet and did not have complete information as to acquisition source document. A spreadsheet had pertinent asset information, but did not have the tag numbers while the depreciation spreadsheet had the tag numbers, but did not have the other relevant asset information.
- B. Regional Office of Education No. 33 did not consistently tag all assets with asset tags to ensure complete accounting and monitoring of capital assets.
- C. Capital outlay reported in the financial statements totaled \$163,542 and wasn't properly reconciled to the additions on the capital asset listing which totaled \$162,214.

**EFFECT:**

Inadequate controls over capital assets of the Regional Office of Education No. 33 could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-002 - Inadequate Controls Over Capital Assets (Partial Repeat from Finding 18-003) (Concluded)**

**CAUSE:**

Regional Office of Education No. 33 officials indicated maintenance of the capital asset schedule is decentralized by departments. The schedules are updated by multiple personnel, which makes it difficult to ensure the schedules are complete and updated timely.

**RECOMMENDATION:**

The Regional Office of Education No. 33 should assign responsibility to one individual to ensure that the capital assets are tagged, schedules are regularly maintained, and current year activity is periodically reconciled to the capital asset listing. An inventory count should be taken periodically and compared to the items on the capital asset list, and significant differences investigated. The fixed asset listing should be completed to include all the details required by the ROE Accounting Manual.

**MANAGEMENT'S RESPONSE:**

- A. The Regional Office of Education has assigned responsibility to one of the bookkeepers to ensure that capital assets are tagged, schedules are regularly maintained, and current year activity is periodically reconciled to the capital asset listing. An inventory count will be taken periodically as well and compared to the items on the capital asset list, and any differences investigated. The capital asset list will be completed to include all the details required by the ROE Accounting Manual.
- B. The following steps are being added to our asset acquisition purchasing process:
  - a. PO will have the following language added: "Does this purchase include Capital Assets over \$500? If yes, please complete and attach the Capital Equipment Asset Form"
  - b. If an asset is being shipped to a separate location, an email is to be sent to the person receiving the asset and the Bookkeeper must be included on that email. The email will notify the person that the order has been placed and that the Bookkeeper is to be contacted upon receipt of that product in order for the asset to be tagged and additional information collected.
  - c. Upon notification that the asset has been delivered, the Bookkeeper will schedule a time to go tag the asset and complete the Capital Equipment Asset Receipt Form.
  - d. Bookkeeper will then record the asset information in the Asset Additions/Disposals Master Spreadsheet.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-003 - Delay of Audit (Repeat from Finding 18-004)**

**CRITERIA/SPECIFIC REQUIREMENT:**

Regional Office of Education No. 33 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 30<sup>th</sup> 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 Governmental 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. 33 did not provide completed financial statements in an auditable form by the August 31 deadline.

**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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-003 - Delay of Audit (Repeat from Finding 18-004) (Concluded)**

**CAUSE:**

The Regional Office of Education No. 33 had limited staff to work on year-end closing activities with the contracted accounting firm and an additional staff was not hired until August 19, 2019. In addition, the actuarial valuation reports were not completed until September 24, 2019.

**RECOMMENDATION:**

The Regional Office of Education No. 33 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. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**MANAGEMENT'S RESPONSE:**

- A. During the past few years, there has only been one ROE No. 33 bookkeeper/payroll person to prepare and provide information needed for reporting deadlines and auditing. The ROE hired an additional full-time bookkeeper on August 19, 2019 to take over the accounts payable responsibilities. Having two bookkeepers and having processes put in place will help ensure the Regional Office of Education get information submitted to the contracted accounting firm by the required deadline in the future.
  
- B. The Regional Office of Education has retained the accounting firm who prepared the Fiscal Year 2019 financial statements for Fiscal Year 2020.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-004 – Improper Classification of Fund Activities**

**CRITERIA/SPECIFIC REQUIREMENT:**

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis – for State and Local Governments* (Statement), requires activities to be reported as enterprise funds if the pricing policies of the activity establish fees and charges designed to recover its costs.

The Statement further states that proprietary fund reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds. Proprietary fund statements of net position and revenues, expenses, and changes in fund net position should be presented using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements should present the financial information for each major enterprise fund in a separate column. Nonmajor enterprise funds should be aggregated and displayed in a single column, and a combined total column should be presented for all enterprise funds.

Required financial statements for proprietary funds are:

- a. Statement of net position or balance sheet;
- b. Statement of revenues, expenses, and changes in fund net position or fund equity; and
- c. Statement of cash flows.

**CONDITION:**

The Regional Office of Education No. 33 improperly classified the Criminal Background Investigation Fund (Fund) activities under the General Fund reported as governmental activities instead of a non-major proprietary fund that should be reported as business-type activities. Accordingly, no statement of cash flows was reported for this non-major proprietary fund. Revenues and expenses for Fiscal Year 2019 totaled \$22,807 and \$15,064, respectively. Total assets, liabilities, and net position as of June 30, 2019 were \$39,774, \$1,243, and \$38,531, respectively.

**EFFECT:**

Improper classification of Fund activities understated the financial position and changes in financial position and cash flows of the business type activities and overstated the financial position and changes in financial position of the governmental activities as of and for the year ended June 30, 2019. Improper classification results in inaccurate application of generally accepted accounting principles for the fund activities and may result in a material adjustment in the financial statements.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II - FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2019**

**FINDING 2019-004 – Improper Classification of Fund Activities (Concluded)**

**CAUSE:**

The Regional Office of Education No. 33 had been reporting this Fund under the General Fund and did not realize that the activities of this Fund are enterprise activities that should be reported as business type activities.

**RECOMMENDATION:**

The Regional Office of Education No. 33 should implement procedures to ensure proper analysis of Fund activities are made when new funds are set-up or when transactions are recorded in an existing fund for proper classification and reporting in accordance with GASB Statement No. 34.

**MANAGEMENT’S RESPONSE:**

ROE No. 33 will implement procedures to ensure proper analysis and reporting of fund activities.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the Year Ended June 30, 2019**

**INSTANCES OF NONCOMPLIANCE:**

**FINDING 2019-001** – (finding details on page 14)

**SIGNIFICANT DEFICIENCIES:**

**FINDING 2019-001** – (finding details on page 14)

**MATERIAL WEAKNESSES:**

**None**

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2019**

**Corrective Action Plan**

**FINDING 2019-001 - Inadequate Internal Control Procedures (Repeat from Finding 18-002, 17-002, and 16-002)**

**Federal Program Name:** Twenty-First Century Community Learning Centers  
**Project No.:** 2019-4421-13, 2019-4421-15, 2019-4421-19  
**CFDA No.:** 84.287C  
**Passed Through:** Illinois State Board of Education  
**Federal Agency:** U.S. Department of Education

**CONDITION:**

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

- A. No documented evidence of independent review of completed bank reconciliations.
- B. The first quarter expenditure reports for the following grants were filed between eleven and eighty-nine days late:

Submitted October 31, 2018 (11 days late)

- Truants Alternative/Optional Education
- Title II – Teacher Quality – Leadership Grant

Submitted November 2, 2018 (13 days late)

- Regional Safe Schools
- Early Childhood 2019-3705-00
- ROE/ISC Operations
- Other State Programs
- Title IV – 21st Century Community Learning Centers 2019-4421-13, 2019-4421-15, and 2019-4421-19 (CFDA No. 84.287C)

Submitted January 17, 2019 (89 days late)

- Early Childhood 2019-3705-01 and 2019-3705-PE

**PLAN:**

ROE No. 33 will monitor the reporting deadlines of grantors and prepare and file the required expenditure reports accordingly.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2019**

**Corrective Action Plan (Continued)**

**ANTICIPATED DATE OF COMPLETION:**

Monthly, Quarterly or Annually

**CONTACT PERSON:**

Ms. Jodi Scott, Regional Superintendent of Schools

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2019**

**Corrective Action Plan (Continued)**

**FINDING 2019-002 - Inadequate Controls Over Capital Assets (Partial Repeat from Finding 18-003)**

**CONDITION:**

The Regional Office of Education No. 33 did not have adequate controls over fixed assets.

During our audit, we noted the following:

- A. The capital asset listings were maintained in a spreadsheet and did not have complete information as to acquisition source document. A spreadsheet had pertinent asset information, but did not have the tag numbers while the depreciation spreadsheet had the tag numbers, but did not have the other relevant asset information.
- B. Regional Office of Education No. 33 did not consistently tag all assets with asset tags to ensure complete accounting and monitoring of capital assets.
- C. Capital outlay reported in the financial statements totaled \$163,542 and wasn't properly reconciled to the additions on the capital asset listing which totaled \$162,214.

**PLAN:**

The Regional Office of Education No. 33 will adhere to the ROE Accounting Manual fixed assets policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The Regional Office of Education No. 33 has assigned responsibility to one individual to ensure that the capital assets are tagged, schedules are regularly maintained, and current year activity is periodically reconciled to the capital asset listing. An inventory count will be taken periodically and compared to the items on the capital asset list, and significant differences investigated. The fixed asset listing will be completed to include all the details required by the ROE Accounting Manual.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2020

**CONTACT PERSON:**

Ms. Jodi Scott, Regional Superintendent of Schools

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2019**

**Corrective Action Plan (Continued)**

**FINDING 2019-003 - Delay of Audit (Repeat from Finding 18-004)**

**CONDITION:**

The Regional Office of Education No. 33 did not provide completed financial statements in an auditable form by the August 31 deadline.

**PLAN:**

The Regional Office of Education No. 33 has implemented 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 GASB. The Regional Office of Education No. 33 will continue to work with the accounting firm who prepared Fiscal Year 2019 financial statements for Fiscal Year 2020. Timelines and deadlines will be met accordingly.

**ANTICIPATED DATE OF COMPLETION:**

August 31, 2020

**CONTACT PERSON:**

Ms. Jodi Scott, Regional Superintendent of Schools

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2019**

**Corrective Action Plan (Concluded)**

**FINDING 2019-004 – Improper Classification of Fund Activities**

**CONDITION:**

The Regional Office of Education No. 33 improperly classified the Criminal Background Investigation Fund (Fund) activities under the General Fund reported as governmental activities instead of a non-major proprietary fund that should be reported as business-type activities. Accordingly, no statement of cash flows was reported for this non-major proprietary fund. Revenues and expenses for Fiscal Year 2019 totaled \$22,807 and \$15,064, respectively. Total assets, liabilities, and net position as of June 30, 2019 were \$39,774, \$1,243, and \$38,531, respectively.

**PLAN:**

The Regional Office of Education No. 33 will implement procedures to ensure proper analysis of these fund activities as directed.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2020

**CONTACT PERSON:**

Ms. Jodi Scott, Regional Superintendent of Schools

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED**  
**For the Year Ended June 30, 2019**

2018-001            Controls Over Financial Statement Preparation            Not Repeated

During the current audit, the Regional Office of Education No. 33 implemented corrective action and contracted an accounting firm to prepare its current year's financial statements in accordance with generally accepted accounting principles.

2018-005            Uncollateralized Deposits            Not Repeated

During the current audit, the Regional Office of Education No. 33 implemented corrective action and monitored pledged collateral and instructed the financial institution to ensure the value of collateral remains adequate for the balance of its accounts according to the agreement in place.

## BASIC FINANCIAL STATEMENTS

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,153,747	\$ 390,151	\$ 4,543,898
Accounts receivable	335	-	335
Due from other governments	547,641	29,275	576,916
Total Current Assets	<u>4,701,723</u>	<u>419,426</u>	<u>5,121,149</u>
Noncurrent Assets:			
Capital assets, net of depreciation	206,645	450	207,095
<b>TOTAL ASSETS</b>	<u>4,908,368</u>	<u>419,876</u>	<u>5,328,244</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	693,629	-	693,629
Deferred outflows related to OPEB	207,502	6,046	213,548
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>901,131</u>	<u>6,046</u>	<u>907,177</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	66,094	7,018	73,112
Accrued expenses	110,626	924	111,550
Due to other governments	260,502	-	260,502
Unearned revenue	1,865,872	3,245	1,869,117
Total Current Liabilities	<u>2,303,094</u>	<u>11,187</u>	<u>2,314,281</u>
Noncurrent Liabilities:			
Net pension liability	356,015	-	356,015
OPEB liability	635,384	41,668	677,052
Total Noncurrent Liabilities	<u>991,399</u>	<u>41,668</u>	<u>1,033,067</u>
<b>TOTAL LIABILITIES</b>	<u>3,294,493</u>	<u>52,855</u>	<u>3,347,348</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	799,711	-	799,711
Deferred inflows related to OPEB	65,210	6,237	71,447
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>864,921</u>	<u>6,237</u>	<u>871,158</u>
<b>NET POSITION</b>			
Net investment in capital assets	206,645	450	207,095
Restricted-other	209,681	-	209,681
Unrestricted	1,233,759	366,380	1,600,139
<b>TOTAL NET POSITION</b>	<u>\$ 1,650,085</u>	<u>\$ 366,830</u>	<u>\$ 2,016,915</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,624,145	\$ 5,390	\$ 2,108,809	\$ (509,946)	\$ -	\$ (509,946)
Pension expense	89,381	-	124,048	34,667	-	34,667
OPEB expense	21,258	-	-	(21,258)	-	(21,258)
Purchased services	651,977	45,814	496,190	(109,973)	-	(109,973)
Supplies and materials	634,680	2,695	558,214	(73,771)	-	(73,771)
Other objects	10	-	-	(10)	-	(10)
Depreciation expense	18,790	-	-	(18,790)	-	(18,790)
Capital outlay	1,836	-	155,060	153,224	-	153,224
Intergovernmental:						
Payments to other governments	2,747,803	-	2,760,060	12,257	-	12,257
Administrative:						
On-behalf payments - State	654,197	-	-	(654,197)	-	(654,197)
Total Governmental Activities	<u>7,444,077</u>	<u>53,899</u>	<u>6,202,381</u>	<u>(1,187,797)</u>	<u>-</u>	<u>(1,187,797)</u>
Business-Type Activities:						
Fees for services	159,612	193,613	-	-	34,001	34,001
Total Business-Type Activities	<u>159,612</u>	<u>193,613</u>	<u>-</u>	<u>-</u>	<u>34,001</u>	<u>34,001</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,603,689</u>	<u>\$ 247,512</u>	<u>\$ 6,202,381</u>	<u>(1,187,797)</u>	<u>34,001</u>	<u>(1,153,796)</u>
GENERAL REVENUES:						
Local sources				559,518	-	559,518
State sources				423,253	-	423,253
On-behalf payments - State				654,197	-	654,197
Investment earnings				6,417	-	6,417
Total general revenues				<u>1,643,385</u>	<u>-</u>	<u>1,643,385</u>
CHANGE IN NET POSITION				455,588	34,001	489,589
NET POSITION - BEGINNING, AS RESTATED (NOTE 15)				<u>1,194,497</u>	<u>332,829</u>	<u>1,527,326</u>
NET POSITION - ENDING				<u>\$ 1,650,085</u>	<u>\$ 366,830</u>	<u>\$ 2,016,915</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,781,590	\$ 2,188,183	\$ 183,974	\$ -	\$ 4,153,747
Accounts receivable	295	-	40	-	335
Due from other funds	313,715	-	-	(313,715)	-
Due from other governments	146,623	401,018	-	-	547,641
Total Assets	<u>2,242,223</u>	<u>2,589,201</u>	<u>184,014</u>	<u>(313,715)</u>	<u>4,701,723</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>\$ 2,242,223</u>	<u>\$ 2,589,201</u>	<u>\$ 184,014</u>	<u>\$ (313,715)</u>	<u>\$ 4,701,723</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,592	\$ 59,201	\$ 301	\$ -	\$ 66,094
Accrued expenses	7,280	103,174	172	-	110,626
Due to other funds	19,194	294,521	-	(313,715)	-
Due to other governments	-	260,502	-	-	260,502
Unearned revenue	20,209	1,845,663	-	-	1,865,872
Total Liabilities	<u>53,275</u>	<u>2,563,061</u>	<u>473</u>	<u>(313,715)</u>	<u>2,303,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	36,302	126,137	-	-	162,439
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	26,337	183,541	-	209,878
Assigned	109,047	-	-	-	109,047
Unassigned	2,043,599	(126,334)	-	-	1,917,265
Total Fund Balance (Deficit)	<u>2,152,646</u>	<u>(99,997)</u>	<u>183,541</u>	<u>-</u>	<u>2,236,190</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE (DEFICIT)</b>					
	<u>\$ 2,242,223</u>	<u>\$ 2,589,201</u>	<u>\$ 184,014</u>	<u>\$ (313,715)</u>	<u>\$ 4,701,723</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 2,236,190

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. 206,645

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 162,439

Pension & 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 - IMRF	\$ 387,402	
Deferred outflows of resources - TRS	306,227	
Deferred outflows of resources - THIS	63,204	
Deferred outflows of resources - WAS	144,298	
Deferred inflows of resources - IMRF	(32,645)	
Deferred inflows of resources - TRS	(767,066)	
Deferred inflows of resources - THIS	<u>(65,210)</u>	36,210

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

IMRF net pension liability	(303,957)	
TRS net pension liability	<u>(52,058)</u>	(356,015)

The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net OPEB liability - THIS	(435,626)	
Total OPEB liability - WAS	<u>(199,758)</u>	<u>(635,384)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,650,085

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 497,808	\$ 96,368	\$ 29,079	\$ -	\$ 623,255
State sources	519,621	5,246,407	1,266	-	5,767,294
Federal sources	-	739,703	-	-	739,703
On-behalf payments - State	286,005	-	-	-	286,005
Investment earnings	6,417	-	-	-	6,417
Total Revenues	<u>1,309,851</u>	<u>6,082,478</u>	<u>30,345</u>	<u>-</u>	<u>7,422,674</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	517,190	2,109,699	2,131	-	2,629,020
Pension expense	28,629	120,611	-	-	149,240
OPEB expense	1,165	3,123	-	-	4,288
Purchased services	149,019	498,837	4,121	-	651,977
Supplies and materials	63,321	571,359	-	-	634,680
Other objects	10	-	-	-	10
Administrative:					
On-behalf payments - State	286,005	-	-	-	286,005
Intergovernmental:					
Payments to other governments	262	2,747,541	-	-	2,747,803
Capital outlay	6,628	156,915	-	-	163,543
Total Expenditures	<u>1,052,229</u>	<u>6,208,085</u>	<u>6,252</u>	<u>-</u>	<u>7,266,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>257,622</u>	<u>(125,607)</u>	<u>24,093</u>	<u>-</u>	<u>156,108</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	3,426	-	(3,426)	-
Transfers out	(3,426)	-	-	3,426	-
Total Other Financing Sources (Uses)	<u>(3,426)</u>	<u>3,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	254,196	(122,181)	24,093	-	156,108
FUND BALANCE - BEGINNING, AS RESTATED (NOTE 15)	<u>1,898,450</u>	<u>22,184</u>	<u>159,448</u>	<u>-</u>	<u>2,080,082</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 2,152,646</u>	<u>\$ (99,997)</u>	<u>\$ 183,541</u>	<u>\$ -</u>	<u>\$ 2,236,190</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
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, 2019**

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS	\$	156,108
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 161,707	
Depreciation expense	<u>(18,790)</u>	142,917
<p>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.</p>		
Current year unavailable revenue	162,439	
Prior year unavailable revenue	<u>(53,640)</u>	108,799
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension income (expense) - TRS	72,486	
Pension income (expense) - IMRF	(12,627)	
OPEB income (expense) - THIS	9,355	
OPEB income (expense) - WAS	<u>(21,450)</u>	<u>47,764</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>455,588</u></u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 348,662	\$ 41,489	\$ 390,151
Due from other governments	29,275	-	29,275
Total current assets	<u>377,937</u>	<u>41,489</u>	<u>419,426</u>
Noncurrent assets:			
Capital assets, being depreciated, net	450	-	450
TOTAL ASSETS	<u>378,387</u>	<u>41,489</u>	<u>419,876</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	<u>6,046</u>	<u>-</u>	<u>6,046</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	7,018	-	7,018
Accrued expenses	924	-	924
Unearned revenue	3,245	-	3,245
Total current liabilities	<u>11,187</u>	<u>-</u>	<u>11,187</u>
Noncurrent liabilities:			
OPEB liability	<u>41,668</u>	<u>-</u>	<u>41,668</u>
TOTAL LIABILITIES	<u>52,855</u>	<u>-</u>	<u>52,855</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	<u>6,237</u>	<u>-</u>	<u>6,237</u>
<b>NET POSITION</b>			
Invested in capital assets	450	-	450
Unrestricted	324,891	41,489	366,380
TOTAL NET POSITION	<u>\$ 325,341</u>	<u>\$ 41,489</u>	<u>\$ 366,830</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2019**

	Business-Type Activities		TOTALS
	Enterprise Funds		
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
OPERATING REVENUES			
Fees for services	\$ 192,952	\$ 661	\$ 193,613
Total Operating Revenues	<u>192,952</u>	<u>661</u>	<u>193,613</u>
OPERATING EXPENSES			
Salaries and benefits	53,449	-	53,449
OPEB expense	42,269	-	42,269
Purchased services	52,962	1,725	54,687
Supplies and materials	4,470	-	4,470
Depreciation	179	-	179
Payments to other governments	4,558	-	4,558
Total Operating Expenses	<u>157,887</u>	<u>1,725</u>	<u>159,612</u>
OPERATING INCOME (LOSS)	35,065	(1,064)	34,001
NET POSITION - BEGINNING, AS RESTATED (NOTE 15)	<u>290,276</u>	<u>42,553</u>	<u>332,829</u>
NET POSITION - ENDING	<u>\$ 325,341</u>	<u>\$ 41,489</u>	<u>\$ 366,830</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 220,672	\$ 661	\$ 221,333
Payments to suppliers and providers of goods and services	(54,972)	(1,725)	(56,697)
Payments to employees	(52,935)	-	(52,935)
Net Cash Provided by (Used in) Operating Activities	<u>112,765</u>	<u>(1,064)</u>	<u>111,701</u>
Cash and cash equivalents - Beginning, as restated (NOTE 15)	<u>235,897</u>	<u>42,553</u>	<u>278,450</u>
Cash and cash equivalents - Ending	<u>\$ 348,662</u>	<u>\$ 41,489</u>	<u>\$ 390,151</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 35,065	\$ (1,064)	\$ 34,001
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	179	-	179
Decrease in assets:			
Due from other governments	24,475	-	24,475
Increase in deferred outflows of resources	(6,046)	-	(6,046)
Increase in liabilities:			
Accounts payable	7,018	-	7,018
Accrued expenses	924	-	924
Unearned revenue	3,245	-	3,245
OPEB liability	41,668	-	41,668
Increase in deferred inflows of resources	<u>6,237</u>	<u>-</u>	<u>6,237</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 112,765</u>	<u>\$ (1,064)</u>	<u>\$ 111,701</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2019**

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,365
Due from other governments	1,647,717
<b>TOTAL ASSETS</b>	<b>\$ 1,653,082</b>
<b>LIABILITIES</b>	
Due to other governments	\$ 1,653,082
<b>TOTAL LIABILITIES</b>	<b>\$ 1,653,082</b>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2019, Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of these standards did not have a significant effect on the Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33's financial statements.

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

The Regional Office of Education No. 33 has evaluated subsequent events through July 6, 2020, 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. 33'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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

For the period ended June 30, 2019, the Regional Office of Education No. 33 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 Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Regional Office of Education No. 33 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 33 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 33 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 33 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 33 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 33 being considered a component unit of the entity.

**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. 33'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. 33 has two business-type activities that rely on fees and charges for support.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education No. 33'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. 33 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. 33'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 regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from 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.

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

**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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

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. 33; 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. 33 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. 33'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. 33 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. 33 uses governmental, proprietary, and fiduciary funds.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

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.

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. 33 has presented all major funds that met the above qualifications. The Regional Office of Education No. 33 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:

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

General State Aid – Accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Even Start Local – Accounts for local grant monies received for, and payment of, expenditures incurred for the Even Start program.

High Roads Youth Programs – Accounts for local grant monies received for, and payment of, expenditures incurred for the High Roads Youth Programs.

Local Galesburg Community Foundation – Accounts for local grant monies received for, and payment of, expenditures incurred to educate students about the city of Galesburg, and the many opportunities that the community can offer them.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

American College Test (ACT) Class – Accounts for the administration of classes to prepare students for the ACT.

Criminal Background Investigation – Accounts for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Testing Center – Accounts for activity from PearsonVue for various testing.

Major 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 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:

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.

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.

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

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

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. 33 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Truants Alternative Education – To establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years of age.

State Free Lunch and Breakfast – Used to account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast Program.

National School Lunch Program – Used to account for grant monies received for, and payment of, expenditures for the National School Lunch Program.

School Breakfast Program – Used to account for grant monies received for, and payment of, expenditures for the School Breakfast Program.

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

Early Childhood – Monitoring – Accounts for the grant monies received for, and payment of, expenditures incurred for the Early Childhood – Monitoring Grant.

Title IV 21<sup>st</sup> Century Community Learning Centers – Used to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

Adult Education and Family Literacy – State Basic – Used to account for grant monies received for, and payment of, expenditures incurred for students in high school, General Educational Development, and computer classes with high reading levels.

Adult Education and Family Literacy – State Performance – Used to account for grant monies for formula-driven rewards for successful completion of the program.

Adult Education and Family Literacy – Public Assistance – Used to account for grant monies received from the Department of Human Services for expenditures incurred for educational services given for students on public assistance.

Adult Education and Family Literacy – Pilot Grant – Used to account for grant monies received for, and payment, of expenditures to offer basic English language instruction through ESL classes for adult community members, whose primary language is not English.

Federal Adult Education – Basic – Used to account for federal grant monies received for, and payment of, education and literacy for adults.

Performance Evaluation Advisory Council (PEAC) – Used to account for grant monies from the Illinois State Board of Education to support the working of training development and delivery for state-wide training for principal and teacher evaluations.

Knox County Mental Health Board – Used to account for grant monies received to plan, fund, coordinate, and evaluate public services and facilities within Knox County to aid/treat persons with mental illness, developmental disabilities, and substance use/abuse issues.

AdvancED – Used to account for grant monies received from the Illinois State Board of Education for work with AdvancED and the process and expenses for accreditation.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education No. 33 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. 33 reports the following major proprietary fund:

Professional Development – Consortium – Used to account for monies from a joint effort between the Regional Office of Education No. 33 and Regional Office of Education No. 26 to provide professional development courses to district teachers in the respective Regional Office's regions.

The Regional Office of Education No. 33 reports the following nonmajor proprietary fund.

Staff Development – Used to account for local revenues and disbursements related to the development of staff.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education No. 33 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:

School Facility Occupation Tax – Accounts for the assets held by the Regional Office of Education No. 33 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are distributed to the school districts.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

Delabar CTE System – Accounts for the assets held by the Regional Office of Education No. 33 to be distributed to local school districts. Monies are received from the Illinois State Board of Education and local school districts.

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:

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education No. 33 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, National School Lunch Program, School Breakfast Program, Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), and Adult Education and Family Literacy – Pilot Grant. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute.

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. 33 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. 33 has assigned fund balances in the following General Fund accounts: Even Start Local, High Roads Youth Programs, Local Galesburg Community Foundation, American College Test (ACT) Class, Criminal Background Investigation, and Testing Center.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

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. 33 has unassigned fund balances in the following General Fund accounts: General Operations and General State Aid. The following Education Fund accounts also have unassigned fund balances: McKinney Education for Homeless Children, State Free Lunch and Breakfast, Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, Adult Education and Family Literacy – Public Assistance, Federal Adult Education – Basic, and Knox County Mental Health Board.

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. 33 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. 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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CAPITAL ASSETS (Concluded)

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.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5-20 years, and buildings over 40 years.

M. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 5 days for full-time employees during the first year, 10 days for full-time staff after 2 years, 15 days for full-time staff after 8 years, and 20 days for full-time staff after 12 years of continuous service. Vacation may not be taken in more than two weeks without prior approval. Employees may not carry forward any vacation time. Employees will also not be compensated for any unused vacation days.

Eligible employees receive up to 14 sick days annually that can accumulate to 360 days total for TRS employees and 221 days for IMRF employees. Upon resignation or dismissal, the ROE will not pay for unused sick time. Employees may use two of their sick days for personal business.

N. 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.

O. BUDGET INFORMATION

The Regional Office of Education No. 33 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: McKinney Education for Homeless Children, Title II – Teacher Leadership, Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Title I – Foundational Services, Truants Alternative Education, Early Childhood Block Grant (3705-RX), Early Childhood Block Grant (3705-1R), Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), Early Childhood – Monitoring, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Title IV 21<sup>st</sup> Century Community Learning Center (4421-15), Title IV 21<sup>st</sup> Century Community Learning Center (4421-19), Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, Federal Adult Education – Basic, and AdvancED.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

**P. 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 or OPEB expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

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

**Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

For purposes of measuring the Regional Office of Education No. 33’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 33’s OPEB Plan, and additions to/deductions from the Regional Office of Education No. 33’s fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 33’s Plan. For this purpose, the Regional Office of Education No. 33’s Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 33’s OPEB liability, deferred outflows of 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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education No. 33 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.

A. DEPOSITS

At June 30, 2019, the carrying amount of the Regional Office of Education No. 33's government-wide and agency fund deposits were \$4,543,898 and \$5,365, respectively, and the bank balances were \$5,218,122 and \$5,365, respectively. Of the total bank balances as of June 30, 2019, \$409,621 was secured by federal depository insurance, \$4,658,616 was collateralized by securities pledged by the Regional Office of Education No. 33's financial institution on behalf of the Regional Office, and \$155,250 was invested in the Illinois Funds Money Market Fund.

B. INVESTMENTS

The Regional Office of Education No. 33 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. 33's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2019, the Regional Office of Education No. 33 had investments with carrying value of \$155,250 in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2019, 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.

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 3 – NONCURRENT LIABILITIES**

Changes in noncurrent liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Governmental Activities:					
Net pension liability	\$ 723,506	\$ -	\$ 367,491	\$ 356,015	\$ -
OPEB liability	480,212	155,172	-	635,384	-
Total	<u>\$ 1,203,718</u>	<u>\$ 155,172</u>	<u>\$ 367,491</u>	<u>\$ 991,399</u>	<u>\$ -</u>
Business-type Activities:					
OPEB liability	<u>\$ -</u>	<u>\$ 41,668</u>	<u>\$ -</u>	<u>\$ 41,668</u>	<u>\$ -</u>

**NOTE 4 – DEFINED BENEFIT PENSION PLAN**

**IMRF Plan Description**

The Regional Office of Education No. 33’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. 33’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, 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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

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, 2018, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	7
Inactive Plan Members entitled to but not yet receiving benefits	21
Active Plan Members	50
<b>Total</b>	<b>78</b>

**Contributions**

As set by statute, the Regional Office of Education No. 33’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 33’s annual contribution rate for calendar year 2018 was 10.91%. For the calendar year ended December 31, 2018, the Regional Office of Education No. 33 contributed \$151,126 to the plan. The Regional Office of Education No. 33 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education No. 33’s net pension liability was measured as of December 31, 2018. 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, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1%	2.50%
Total	<u>100%</u>	

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**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 3.71%, and the resulting single discount rate is 7.25%.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2017</b>	\$ 1,839,233	\$ 1,745,075	\$ 94,158
<b>Changes for the year:</b>			
Service Cost	114,778	-	114,778
Interest on the Total Pension Liability	140,360	-	140,360
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	141,691	-	141,691
Changes of Assumptions	73,465	-	73,465
Contributions - Employer	-	151,126	(151,126)
Contributions - Employees	-	62,334	(62,334)
Net Investment Income	-	46,209	(46,209)
Benefit Payments, including Refunds of Employee Contributions	(50,310)	(50,310)	-
Other (Net Transfer)	-	826	(826)
<b>Net Changes</b>	<b>419,984</b>	<b>210,185</b>	<b>209,799</b>
<b>Balances at December 31, 2018</b>	<b>\$ 2,259,217</b>	<b>\$ 1,955,260</b>	<b>\$ 303,957</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

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

The following presents the plan’s net pension liability/(asset), 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 Rate 7.25%</b>	<b>1% Higher 8.25%</b>
<b>Net pension liability/(asset)</b>	\$ 636,619	\$ 303,957	\$ 29,044

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

For the year ending June 30, 2019, the Regional Office of Education No. 33 recognized pension expense of \$158,906. At June 30, 2019, the Regional Office of Education No. 33 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>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 219,834	\$ -
Changes of assumptions	62,082	32,645
Net difference between projected and actual earnings on pension plan investments	43,212	-
Total Deferred Amounts to be recognized in pension expense in future periods	325,128	32,645
Pension Contributions made subsequent to the Measurement Date	62,274	-
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 387,402</b>	<b>\$ 32,645</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

\$62,274 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2020	\$ 85,491
2021	52,897
2022	42,321
2023	63,303
2024	33,337
Thereafter	15,134
<b>Total</b>	<b>\$ 292,483</b>

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

The Regional Office of Education No. 33 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://www.trsil.org/financial/cafrs/fy2018>; 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. Disability and death benefits are also provided.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member’s first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member’s first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. 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 will begin in 2019 and will be funded by bonds issued by the State of Illinois.

**Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the 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, 2018, 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. 33.

**On-behalf contributions to TRS**

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 33. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 33 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 33, and the Regional Office of Education No. 33 recognized revenue and expenditures of \$334,923 in pension contributions from the State of Illinois.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**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, 2019, were \$2,962, and are deferred because they were paid after the June 30, 2018, 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. 33, there is a statutory requirement for the Regional Office of Education No. 33 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 contribution rate to TRS and were much higher.

TRS has determined that beginning in the current fiscal year ended June 30, 2018, the actual contributions to the plan used as a basis of allocation no longer includes contributions paid from special trust or federal funds. In prior years, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS. Because of a change to the Illinois Pension Code (40 ILCS 5/16-158(c)), beginning July 1, 2017, employer contributions to the plan paid from special trust or federal funds are to be based upon a rate, expressed as a percentage of salary, equal to the total employer’s normal cost. TRS now categorizes employer contributions from special trust or federal funds as employer specific liabilities under GASB Statement No. 68, paragraph 92.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$112,356 were paid from federal and special trust funds that required employer contributions of \$11,067.

**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. 33 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. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the Regional Office of Education No. 33 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, no payments for salary increases in excess of 3 percent, and no payments for sick leave days granted in excess of the normal allotment.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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**

At June 30, 2019, the Regional Office of Education No. 33 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employers proportionate share of the net pension liability	\$ 52,058
State’s proportionate share of the net pension liability associated with the employer	<u>3,566,180</u>
<b>Total</b>	<b><u>\$ 3,618,238</u></b>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The Regional Office of Education No. 33’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, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 33’s proportion was .0000667881 percent, which was a decrease of .0007569858 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Regional Office of Education No. 33 recognized pension expense of \$334,923 and revenue of \$334,923 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 33 recognized pension revenue of \$69,524. At June 30, 2019, the Regional Office of Education No. 33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 1,046	\$ 11
Net difference between projected and actual earnings on pension plan investments	-	159
Change of assumptions	2,283	1,475
Changes in proportion and differences between employer contributions and proportionate share of contributions	299,936	765,421
Employer contributions subsequent to the measurement date	<u>2,962</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 306,227</u></b>	<b><u>\$ 767,066</u></b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

\$2,962 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<b>Year Ended June 30:</b>	
2020	\$ (112,315)
2021	( 79,027)
2022	(121,069)
2023	(105,089)
2024	(46,301)
	<u>\$ (463,801)</u>

**Actuarial assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

In the June 30, 2018 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, 2017 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:

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.2%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private equity	15.0%	10.2%
<b>Total</b>	<b>100%</b>	

**Discount Rate**

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 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, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Regional Office of Education No. 33’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 33’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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Regional Office of Education No. 33’s proportionate share of the net pension liability	\$ 63,844	\$ 52,058	\$ 42,566

**TRS fiduciary net position**

Detailed information about the TRS’s fiduciary net position as of June 30, 2018, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

**THIS Plan Description**

The Regional Office of Education No. 33 participates in the Teachers’ Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers’ Retirement System (TRS).

**Benefits Provided**

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

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

**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. 33. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 33 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 33, and recognized revenue and expenditures of \$33,269 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Regional Office of Education No. 33 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2019, and 0.88 and 0.84 percent during the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2019, the Regional Office of Education No. 33 paid \$4,698 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Regional Office of Education No. 33 paid \$3,995 and \$3,201 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.”

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 projected to the measurement date of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)**

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

**Single Discount Rate**

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

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

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

The following presents the Regional Office of Education No. 33’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	<b><u>1% Decrease (2.62%)</u></b>	<b><u>Current Discount Rate (3.62%)</u></b>	<b><u>1% Increase (4.62%)</u></b>
Employer’s proportionate share of the collective net OPEB liability	\$ 574,004	\$ 477,294	\$ 401,117

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

The following table shows the Regional Office of Education No. 33’s net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

	<b>1% Decrease<sup>a</sup></b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase<sup>b</sup></b>
Employer’s proportionate share of the collective net OPEB liability	\$ 387,084	\$ 477,294	\$ 599,048

<sup>a</sup> One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

<sup>b</sup> One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

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

At June 30, 2019, the Regional Office of Education No. 33 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 33. The amount recognized by the Regional Office of Education No. 33 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 33 were as follows:

Employer’s proportionate share of the net OPEB liability	\$ 477,294
State’s proportionate share of the net OPEB liability associated with the employer	640,852
<b>Total</b>	<b>\$ 1,118,146</b>

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and was rolled forward to the June 30, 2018 measurement date. The Regional Office of Education No. 33’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 33’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 33, actuarially determined. At June 30, 2018, the Regional Office of Education No. 33’s proportion was 0.001812 percent, which was an increase of 0.000092 from its proportion measured as of June 30, 2017. The State’s support and total are for disclosure purposes only.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

For the year ending June 30, 2019, the Regional Office of Education No. 33 recognized OPEB expense of \$33,269 and revenue of \$33,269 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education No. 33 recognized OPEB expense of \$37,202. At June 30, 2019, the Regional Office of Education No. 33 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,713
Net difference between projected and actual earnings on OPEB plan investments	-	15
Change of assumptions	-	69,502
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,552	217
Employer contributions subsequent to the measurement date	4,698	-
<b>Total</b>	<b><u>\$ 69,250</u></b>	<b><u>\$ 71,447</u></b>

\$4,698 reported as deferred outflows of resources related to OPEB resulting from the Regional Office of Education No. 33 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 33’s OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 29
2021	29
2022	29
2023	30
2024	33
Thereafter	(7,045)
<b>Total</b>	<b><u>\$ (6,895)</u></b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

**THIS Fiduciary Net Position**

Detailed information about the THIS Fund fiduciary net position as of June 30, 2018, is available in the separately issued THIS Financial Report.

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB)

**Plan Description**

The Regional Office of Education No. 33 provides a single-employer defined benefit OPEB plan by participating in the Western Area School Health Benefit Plan (the WAS Plan) as a member of the Western Area School Association. Benefit terms can be amended by WAS at any time. All full time, permanent employees and their spouses are eligible to participate in the plan and have the option to continue participation upon retirement. The WAS Plan is funded through the Western Area School Employee Benefit Trust, which is a trust that does not meet the criteria in paragraph 4 of statement 75 due to contributions made to the plan being revocable.

**Eligibility Provisions**

*Full-Time Employees - IMRF*

Tier I IMRF Full-Time employees:

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

Tier II IMRF Full-Time employees:

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

*Full-Time Employees - TRS*

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Benefits Provided**

The Regional Office of Education No. 33 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. IMRF and TRS employees may convert their life insurance policy to a policy directly through Western Area School Benefit Plan, with the Regional Office of Education No. 33 no longer involved. They are responsible for paying the full cost of the life insurance premium.

**Membership**

At June 30, 2019 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0	
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0	
Active Employees	54	
TOTAL	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">54</td> </tr> </table>	54
54		

**Funding Policy and Contributions**

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

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

The contributions of \$4,875 from other Regional Office of Education No. 33 resources and benefit payments of \$4,875 from other Regional Office of Education No. 33 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, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Actuarial Assumptions**

Discount Rate used for the Total OPEB Liability	3.50%
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded
Long-Term Inflation Expectation	2.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.50%
Salary Increases	The salary increase assumption of 2.50% 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 PPO Red \$1,000 deductible. Premiums charged for coverage of retiree and spouse are \$9,312 and \$9,684, respectively with a PPO Red \$2,000 deductible. Premiums charged for coverage of retiree and spouse are \$8,748 and \$7,392, respectively with a PPO Red \$3,000 deductible with HSA. Premiums charged for coverage of retiree and spouse are \$6,756 and \$8,328, respectively with a PPO White \$5,000 deductible.
Healthcare Trend Rates	Initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2019, trend starts at 6.87% (PPO Red \$1,000 and \$2,000 Plans) and 6.96% (PPO White \$5,000 and PPO Red \$3,000 with HSA Plans) and gradually decreases to an ultimate trend of 5.00%.

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. TRS Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with White Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spousal Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (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.

The following are the changes in assumptions for the July 1, 2018 actuarial valuation:

- The assumed increases in medical costs have been revised to 7.10% (PPO Red \$1,000 and \$2,000 Plans) and 7.20% (PPP Red \$3,000 and PPO White \$5,000) in the first year of the projection grading uniformly over a 10-year period to an ultimate rate of 5.00%. Previously, both plans were projected at 8.00% grading uniformly over a 5-year period to an ultimate rate of 5.00%.
- Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.
- The expected rate of compensation increases has lowered from 3.56% to 2.50% based upon the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
- The percent of active employees assumed to continue participation from the active medical plan into the retiree medical plan upon retirement has been decreased to 30% (previously 40%) based on the current census information. Of the employees assumed to elect coverage in retirement, it is assumed 50% (previously 90%) will elect spousal coverage.
- If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.
- The mortality, retirement, termination, and disability tables were changed to reflect more current trends in IMRF and TRS populations.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2018</b>	\$ 34,010
<b>Changes for the period:</b>	
Service Cost	12,938
Interest Cost	6,800
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	6,079
Changes of Assumptions	144,806
Benefit Payments	(4,875)
<b>Net Change</b>	165,748
<b>Balance at June 30, 2019</b>	\$ 199,758

**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. 33, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

**Municipal Bond Rate**

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of the year rate is the June 28, 2018 rate, and the end of year rate is the June 27, 2019 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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

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 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.

**Sensitivity of the Discount Rate**

The following presents the Regional Office of Education No. 33’s total OPEB liability calculated using a discount rate of 3.50%, 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<b>1% Decrease</b> (2.50%)	<b>Current</b> <b>Discount Rate</b> (3.50%)	<b>1% Increase</b> (4.50%)
<b>ROE’s total OPEB liability</b>	\$ 220,109	\$ 199,758	\$ 182,372

**Sensitivity of the Healthcare Trend Rates**

The following presents the Regional Office of Education No. 33’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 start at 6.87% (PPO Red \$1,000 and \$2,000 Plans) and 6.96% (PPO White \$5,000 and PPO Red \$3,000 with HSA Plans) in 2019 decreasing to an ultimate trend rate of 5.00% in 2028.

	<b>1% Decrease</b> (Varies)	<b>Healthcare Cost</b> <b>Trend Rates</b> (Varies)	<b>1% Increase</b> (Varies)
<b>ROE’s total OPEB liability</b>	\$ 177,944	\$ 199,758	\$ 225,389

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 7 – WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Concluded)

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

For the year ending June 30, 2019, the Regional Office of Education No. 33 recognized OPEB expense of \$26,325. At June 30, 2019 the Regional Office of Education No. 33 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 5,813	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	-
Change of assumptions	138,485	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	-	-
<b>Total</b>	<b><u>\$ 144,298</u></b>	<b><u>\$ -</u></b>

Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

<b><u>Year Ending June 30,</u></b>	<b><u>Net Deferred Outflows of Resources</u></b>
2020	\$ 6,587
2021	6,587
2022	6,587
2023	6,587
2024	6,587
Thereafter	111,363
<b>Total</b>	<b><u>\$ 144,298</u></b>

NOTE 8 – RISK MANAGEMENT

The Regional Office of Education No. 33 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. 33 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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2019, consist of the following individual due to/from other funds in the governmental fund Balance Sheet. These balances, primarily made to cover cash deficits within pooled cash accounts as of June 30, 2019, were eliminated in the government-wide Statement of Net Position.

	Due from Other Funds	Due to Other Funds	
Governmental Funds:			
General Fund	\$ 313,715	\$ 19,194	
Education Fund	-	294,521	
	\$ 313,715	\$ 313,715	

TRANSFERS

Transfers are generally made to provide supplemental funding or to move resources from the fund required to collect the resources to the fund required to expend the resources. Interfund transfers in/out to other funds at June 30, 2019 consist of the following individual transfers:

Fund	Transfer In	Transfer Out
General Fund:		
General Operations	\$ -	\$ 1,257
General State Aid	-	2,169
Education Fund:		
ROE/ISC Operations	1,751	-
Truants Alternative Education	418	-
Early Childhood - Monitoring	284	-
Title IV 21st Century Community Learning Center (4421 - 15)	872	-
Adult Education and Family Literacy - State Basic	101	-
	\$ 3,426	\$ 3,426

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 10 – OPERATING LEASES

The Regional Office of Education No. 33 leases classroom and office space from various parties. During the fiscal year 2016, the Regional Office of Education No. 33 leased classroom and office space located at Willits School from Monmouth-Roseville Community Unit School District No. 238. The lease term began on July 1, 2015, and ends on June 30, 2020. For July and August 2017, rent was \$2,000 per month. For September 2017 through the expiration of the lease, the monthly rent is \$3,485.

The Regional Office of Education No. 33 leases property located in Stronghurst, Illinois from MMH Properties for \$350 per month. The lease is from October 1, 2018 to August 31, 2023.

The Regional Office of Education No. 33 leases office space and parking lot space located in Aledo, Illinois for \$600 per month. The lease term was from July 1, 2018, to June 30, 2019.

Total lease expense for the year ended June 30, 2019 was \$52,170. Future minimum lease payments are as follows for the years ending June 30:

2020	\$	46,020
2021		4,200
2022		4,200
2023		4,200
2024		700
<b>Total</b>	<b>\$</b>	<b><u>59,320</u></b>

NOTE 11 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education No. 33 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 of Education No. 33's assets consist of furniture 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, 2019:

	June 30, 2018	Additions	Deletions	June 30, 2019
Governmental Activities:				
Furniture and Equipment	\$ 122,554	\$ 161,707	\$ -	\$ 284,261
Governmental Activities Total Assets	122,554	161,707	-	284,261
Less Accumulated Depreciation	58,826	18,790	-	77,616
Governmental Activities:				
Investment in Capital Assets, Net	\$ 63,728	\$ 142,917	\$ -	\$ 206,645

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

NOTE 11 – CAPITAL ASSET ACTIVITY (Concluded)

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Business-type Activities:				
Furniture and Equipment	\$ 899	\$ -	\$ -	\$ 899
Business-type Activities Total Assets	899	-	-	899
Less Accumulated Depreciation	270	179	-	449
Business-type Activities:				
Investment in Capital Assets, Net	\$ 629	\$ (179)	\$ -	\$ 450

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, 2019 of \$18,790 and \$179 was charged to the governmental activities instructional services function 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.

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. 33:

Regional Superintendent Salary	\$ 112,512
Assistant Regional Superintendents' Salaries	101,256
Regional Superintendent Benefits (includes State-paid insurance)	37,701
Assistant Regional Superintendents' Benefits (includes State-paid insurance)	34,536
Total	<u>\$ 286,005</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents 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.

The Regional Office of Education No. 33 also recorded \$368,192 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 Teachers' Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 33 has not included any on-behalf payments related to the State's TRS pension expense or THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendents.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 12 – ON-BEHALF PAYMENTS (Concluded)

State of Illinois on-behalf payments	\$	286,005
State of Illinois THIS on-behalf payments		33,269
ROE No. 33's share of TRS pension expense		<u>334,923</u>
Total	\$	<u><u>654,197</u></u>

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 33 has amounts due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments	\$	146,623
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Education Fund

Local Governments		146,224
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Illinois State Board of Education		254,794
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Proprietary Funds

Local Governments		29,275
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Fiduciary Funds

Local Governments		1,581,249
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Illinois State Board of Education		<u>66,468</u>
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	\$	<u><u>2,224,633</u></u>
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Due to Other Governments:

Education Fund

Local Governments	\$	260,502
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Fiduciary Funds

Local Governments		<u>1,653,082</u>
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	\$	<u><u>1,913,584</u></u>
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**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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 overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2019:

<u>Education Fund</u>	<u>Amount</u>
McKinney Education for Homeless Children	\$ (11)
State Free Lunch and Breakfast	(194)
Adult Education and Family Literacy - State Basic	(4,098)
Adult Education and Family Literacy - State Performance	(467)
Adult Education and Family Literacy - Public Assistance	(28,135)
Federal Adult Education - Basic	(93,427)
Knox County Mental Health Board	(2)

NOTE 15 – RECLASSIFICATION AND RESTATEMENTS

The Regional Office of Education No. 33 reclassified the AdvancED activity from the enterprise, Professional Development - Consortium fund, into the governmental, AdvancED fund. Additionally, the Regional Office of Education No. 33 restated opening fund balances resulting from the correction of errors in the High Roads Youth Program and AdvancED funds. The changes are as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
	<u>Education Fund</u>	
	AdvancED	<u>Professional Development - Consortium</u>
Fund Balance, June 30, 2018, as previously reported	\$ -	\$ 282,776
Effect of reclassification on opening fund balance	(7,500)	7,500
Fund Balance, July 1, 2018, as restated	<u>\$ (7,500)</u>	<u>\$ 290,276</u>
	<b>Governmental Activities Net Position</b>	<b>Business-type Activities Net Position</b>
Net Position, June 30, 2018, as previously reported	\$ 1,178,576	\$ 325,329
Effect of restatement on opening fund balance	23,421	-
Effect of reclassification on opening fund balance	(7,500)	7,500
Net Position, July 1, 2018, as restated	<u>\$ 1,194,497</u>	<u>\$ 332,829</u>

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**LAST FIVE CALENDAR YEARS**  
**(UNAUDITED)**

	2018	2017	2016	2015	2014
Calendar Year Ended December 31,					
<b>Total Pension Liability</b>					
Service Cost	\$ 114,778	\$ 64,823	\$ 57,785	\$ 46,790	\$ 50,889
Interest on the Total Pension Liability	140,360	122,450	110,536	96,903	90,733
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	141,691	122,934	31,416	66,475	(93,163)
Changes of Assumptions	73,465	(49,511)	-	-	56,262
Benefit Payments, including Refunds of Employee Contributions	(50,310)	(43,443)	(45,349)	(22,432)	(18,385)
<b>Net Change in Total Pension Liability</b>	<u>419,984</u>	<u>217,253</u>	<u>154,388</u>	<u>187,736</u>	<u>86,336</u>
<b>Total Pension Liability - Beginning</b>	<u>1,839,233</u>	<u>1,621,980</u>	<u>1,467,592</u>	<u>1,279,856</u>	<u>1,193,520</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 2,259,217</u>	<u>\$ 1,839,233</u>	<u>\$ 1,621,980</u>	<u>\$ 1,467,592</u>	<u>\$ 1,279,856</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 151,126	\$ 113,522	\$ 58,601	\$ 51,500	\$ 46,073
Contributions - Employees	62,334	48,057	25,702	21,967	17,858
Net Investment Income	46,209	221,779	69,356	(22,368)	2,624
Benefit Payments, including Refunds of Employee Contributions	(50,310)	(43,443)	(45,349)	(22,432)	(20,936)
Other (Net Transfer)	826	(1,199)	(1,552)	3,147	(35)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>210,185</u>	<u>338,716</u>	<u>106,758</u>	<u>31,814</u>	<u>45,584</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,745,075</u>	<u>1,406,359</u>	<u>1,299,601</u>	<u>1,267,787</u>	<u>1,222,203</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 1,955,260</u>	<u>\$ 1,745,075</u>	<u>\$ 1,406,359</u>	<u>\$ 1,299,601</u>	<u>\$ 1,267,787</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 303,957</u>	<u>\$ 94,158</u>	<u>\$ 215,621</u>	<u>\$ 167,991</u>	<u>\$ 12,069</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	86.55%	94.88%	86.71%	88.55%	99.06%
<b>Covered Payroll</b>	\$ 1,385,203	\$ 1,067,943	\$ 571,160	\$ 488,152	\$ 406,149
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	21.94%	8.82%	37.75%	34.41%	2.97%
<b>Notes to Schedule:</b>					

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST FIVE CALENDAR YEARS  
(UNAUDITED)**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 151,126	\$ 151,126	\$ -	\$ 1,385,203	10.91%
2017	113,522	113,522	-	1,067,943	10.63%
2016	44,636	58,601	(13,965)	571,160	10.26%
2015	51,500	51,500	-	488,152	10.55%
2014	44,636	46,073	(1,437)	406,149	11.34%

**Notes to Schedule:**

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\****

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2018 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>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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, 2016 actuarial valuation.

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**FOR THE FIVE YEARS ENDED JUNE 30**  
**(UNAUDITED)**

	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000667881%	0.0008237739%	0.0010516667%	0.0006423704%	0.0009430612%
Employer's proportionate share of the net pension liability	\$ 52,058	\$ 629,348	\$ 830,144	\$ 420,817	\$ 573,930
State's proportionate share of the net pension liability associated with the employer	3,566,180	2,555,161	2,784,243	2,012,052	2,567,901
<b>Total</b>	<u>\$ 3,618,238</u>	<u>\$ 3,184,509</u>	<u>\$ 3,614,387</u>	<u>\$ 2,432,869</u>	<u>\$ 3,141,831</u>
Employer's covered payroll	\$ 453,953	\$ 381,019	\$ 346,828	\$ 373,595	\$ 461,262
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	11.5%	165.2%	239.4%	112.6%	124.4%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**FOR THE SIX YEARS ENDED JUNE 30**  
**(UNAUDITED)**

	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 2,962	\$ 16,437	\$ 36,327	\$ 40,483	\$ 20,997	\$ 35,724
Contributions in relation to the statutorily-required contribution	2,962	25,834	36,651	38,373	20,902	35,201
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (9,397)</u>	<u>\$ (324)</u>	<u>\$ 2,110</u>	<u>\$ 95</u>	<u>\$ 523</u>
Employer's covered payroll	\$ 510,641	\$ 453,953	\$ 381,019	\$ 346,828	\$ 373,595	\$ 461,262
Contributions as a percentage of covered payroll	0.58%	5.69%	9.62%	11.06%	5.59%	7.63%

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

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

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

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

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY  
TEACHER HEALTH INSURANCE SECURITY FUND  
FOR THE THREE YEARS ENDED JUNE 30  
(UNAUDITED)**

	FY18*	FY17*	FY16*
Employer's proportion of the net OPEB liability	0.001812%	0.001720%	0.001513%
Employer's proportionate share of the net OPEB liability	\$ 477,294	\$ 446,202	\$ 413,672
State's proportionate share of the net OPEB liability associated with the employer	640,852	586,021	573,644
<b>Total</b>	<b>\$ 1,118,146</b>	<b>\$ 1,032,223</b>	<b>\$ 987,316</b>
Employer's covered payroll	\$ 453,953	\$ 381,019	\$ 346,828
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.14%	117.11%	119.27%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHER HEALTH INSURANCE SECURITY FUND  
FOR THE FOUR YEARS ENDED JUNE 30  
(UNAUDITED)**

	FY19	FY18	FY17	FY16
Statutorily-required contribution	\$ 4,698	\$ 3,995	\$ 3,201	\$ 2,775
Contributions in relation to the statutorily-required contribution	4,698	3,995	3,201	2,775
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 510,641	\$ 453,953	\$ 381,019	\$ 346,828
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

**Notes to Schedule**

Changes of assumptions

For the 2018 and 2017 measurement years, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to vary by service credit and were the same for the 2018 and 2017 measurement years. For the 2018 measurement period, the actual trend was used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2017 measurement period, actual trend was used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

Changes of Benefit Terms

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

\*\*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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN  
FOR THE TWO YEARS ENDED JUNE 30, 2019  
(UNAUDITED)**

	FY19	FY18
Total OPEB Liability		
Service Cost	\$ 12,938	\$ 4,389
Interest Cost	6,800	1,169
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	6,079	-
Changes of Assumptions	144,806	-
Benefit Payments	(4,875)	-
Net Change in Total OPEB Liability	165,748	5,558
 Total OPEB Liability - Beginning	 34,010	 28,452
 Total OPEB Liability - Ending	 \$ 199,758	 \$ 34,010
 Covered Payroll	 \$ 2,654,995	 \$ 907,852
 Total OPEB Liability as a Percentage of Covered Payroll	 7.52%	 3.75%

**Notes to Schedule:**

**Changes of Benefit Terms**

In the June 30, 2019 actuarial valuation, there have been no changes of benefit terms from the prior period.

**Changes of Assumptions**

The following are the changes in assumptions for the July 1, 2018 actuarial valuation:

- The assumed increases in medical costs have been revised to 7.10% (PPO Red \$1,000 and \$2,000 Plans) and 7.20% (PPO Red \$3,000 and PPO White \$5,000) in the first year of the projection grading uniformly over a 10-year period to an ultimate rate of 5.00%. Previously, both plans were projected at 8.00% grading uniformly over a 5-year period to an ultimate rate of 5.00%.
- Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.
- The expected rate of compensation increases has been revised to 2.50% based upon the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
- The percent of active employees assumed to continue participation from the active medical plan into the retiree medical plan upon retirement has been decreased to 30% (previously 40%) based on the current census information. Of the employees assumed to elect coverage in retirement, it is assumed 50% (previously 90%) will elect spousal coverage.
- If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.
- The mortality, retirement, termination, and disability tables were changed to reflect more current trends in IMRF and TRS populations.

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

SUPPLEMENTAL INFORMATION

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 June 30, 2019

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 193,621	\$ 1,469,550	\$ 59,349	\$ -	\$ 404
Accounts receivable	-	-	-	-	-
Due from other funds	-	313,715	-	-	-
Due from other governments	100,321	-	-	46,252	-
Total Assets	293,942	1,783,265	59,349	46,252	404
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 293,942</b>	<b>\$ 1,783,265</b>	<b>\$ 59,349</b>	<b>\$ 46,252</b>	<b>\$ 404</b>
<b>LIABILITIES</b>					
Accounts payable	203	298	988	3,860	-
Accrued expenses	693	2,213	2,134	2,240	-
Due to other funds	-	-	-	19,194	-
Unearned revenue	-	-	20,209	-	-
Total Liabilities	896	2,511	23,331	25,294	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	30,201	-	-	6,101	-
<b>FUND BALANCE</b>					
Assigned	-	-	36,018	14,857	404
Unassigned	262,845	1,780,754	-	-	-
Total Fund Balance	262,845	1,780,754	36,018	14,857	404
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 293,942</b>	<b>\$ 1,783,265</b>	<b>\$ 59,349</b>	<b>\$ 46,252</b>	<b>\$ 404</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2019**

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,158	\$ 39,674	\$ 7,834	\$ 1,781,590
Accounts receivable	-	50	245	295
Due from other funds	-	-	-	313,715
Due from other governments	-	50	-	146,623
Total Assets	11,158	39,774	8,079	2,242,223
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,158</b>	<b>\$ 39,774</b>	<b>\$ 8,079</b>	<b>\$ 2,242,223</b>
<b>LIABILITIES</b>				
Accounts payable	-	\$ 1,243	-	\$ 6,592
Accrued expenses	-	-	-	7,280
Due to other funds	-	-	-	19,194
Unearned revenue	-	-	-	20,209
Total Liabilities	-	1,243	-	53,275
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	36,302
<b>FUND BALANCE</b>				
Assigned	11,158	38,531	8,079	109,047
Unassigned	-	-	-	2,043,599
Total Fund Balance	11,158	38,531	8,079	2,152,646
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 11,158</b>	<b>\$ 39,774</b>	<b>\$ 8,079</b>	<b>\$ 2,242,223</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>REVENUES</b>					
Local sources	\$ 235,941	\$ 73,104	\$ 10,000	\$ 153,943	\$ -
State sources	-	401,468	118,153	-	-
On-behalf payments - State	286,005	-	-	-	-
Investment earnings	6,417	-	-	-	-
<b>Total Revenues</b>	<b>528,363</b>	<b>474,572</b>	<b>128,153</b>	<b>153,943</b>	<b>-</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	129,946	221,948	78,757	86,539	-
Pension expense	8,173	12,373	4,836	3,247	-
OPEB expense	305	849	11	-	-
Purchased services	52,741	25,284	14,249	41,346	889
Supplies and materials	11,643	9,493	27,761	12,850	584
Other objects	10	-	-	-	-
Administrative:					
On-behalf payments - State	286,005	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	262	-
Capital outlay	4,104	2,524	-	-	-
<b>Total Expenditures</b>	<b>492,927</b>	<b>272,471</b>	<b>125,614</b>	<b>144,244</b>	<b>1,473</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>35,436</b>	<b>202,101</b>	<b>2,539</b>	<b>9,699</b>	<b>(1,473)</b>
<b>OTHER FINANCING USES:</b>					
Transfers out	(1,257)	(2,169)	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>34,179</b>	<b>199,932</b>	<b>2,539</b>	<b>9,699</b>	<b>(1,473)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>228,666</b>	<b>1,580,822</b>	<b>33,479</b>	<b>5,158</b>	<b>1,877</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 262,845</b>	<b>\$ 1,780,754</b>	<b>\$ 36,018</b>	<b>\$ 14,857</b>	<b>\$ 404</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 22,807	\$ 2,013	\$ 497,808
State sources	-	-	-	519,621
On-behalf payments - State	-	-	-	286,005
Investment earnings	-	-	-	6,417
Total Revenues	-	22,807	2,013	1,309,851
<b>EXPENDITURES</b>				
Instructional services:				
Salaries and benefits	-	-	-	517,190
Pension expense	-	-	-	28,629
OPEB expense	-	-	-	1,165
Purchased services	436	14,074	-	149,019
Supplies and materials	-	990	-	63,321
Other objects	-	-	-	10
Administrative:				
On-behalf payments - State	-	-	-	286,005
Intergovernmental:				
Payments to other governments	-	-	-	262
Capital outlay	-	-	-	6,628
Total Expenditures	436	15,064	-	1,052,229
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(436)	7,743	2,013	257,622
OTHER FINANCING USES:				
Transfers out	-	-	-	(3,426)
NET CHANGE IN FUND BALANCE	(436)	7,743	2,013	254,196
FUND BALANCE - BEGINNING	11,594	30,788	6,066	1,898,450
FUND BALANCE - ENDING	\$ 11,158	\$ 38,531	\$ 8,079	\$ 2,152,646

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

		McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>ASSETS</b>						
Cash and cash equivalents	\$	-	\$ 160	\$ 171	\$ 12,455	\$ 238,895
Due from other governments		2,593	236	-	-	-
<b>Total Assets</b>		<b>2,593</b>	<b>396</b>	<b>171</b>	<b>12,455</b>	<b>238,895</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None		-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>2,593</b>	<b>\$ 396</b>	<b>\$ 171</b>	<b>\$ 12,455</b>	<b>\$ 238,895</b>
<b>LIABILITIES</b>						
Accounts payable	\$	11	-	-	\$ 105	\$ 105
Accrued expenses		-	-	-	6,929	-
Due to other funds		2,046	-	-	-	-
Due to other governments		-	-	-	-	-
Unearned revenue		536	-	-	3,120	238,790
<b>Total Liabilities</b>		<b>2,593</b>	<b>-</b>	<b>-</b>	<b>10,154</b>	<b>238,895</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue		11	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>						
Restricted		-	396	171	2,301	-
Unassigned		(11)	-	-	-	-
<b>Total Fund Balance (Deficit)</b>		<b>(11)</b>	<b>396</b>	<b>171</b>	<b>2,301</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>	<b>\$</b>	<b>2,593</b>	<b>\$ 396</b>	<b>\$ 171</b>	<b>\$ 12,455</b>	<b>\$ 238,895</b>

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2019

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>ASSETS</b>					
Cash and cash equivalents	\$ 957	\$ 2,085	\$ 4,213	\$ -	\$ 12,782
Due from other governments	-	-	-	99	-
Total Assets	957	2,085	4,213	99	12,782
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 957</u>	<u>\$ 2,085</u>	<u>\$ 4,213</u>	<u>\$ 99</u>	<u>\$ 12,782</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 50	\$ -	\$ 420	\$ -	\$ -
Accrued expenses	907	-	3,656	-	-
Due to other funds	-	-	-	293	-
Due to other governments	-	-	137	-	8,713
Unearned revenue	-	2,085	-	-	-
Total Liabilities	957	2,085	4,213	293	8,713
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	4,069
Unassigned	-	-	-	(194)	-
Total Fund Balance (Deficit)	-	-	-	(194)	4,069
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>	<u>\$ 957</u>	<u>\$ 2,085</u>	<u>\$ 4,213</u>	<u>\$ 99</u>	<u>\$ 12,782</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	School Breakfast Program	Early Childhood Grant (3705-RX)	Early Childhood Grant (3705-IR)	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,063	\$ 215,765	\$ -	\$ 642,550	\$ 301,905
Due from other governments	-	-	-	-	-
Total Assets	11,063	215,765	-	642,550	301,905
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,063</b>	<b>\$ 215,765</b>	<b>\$ -</b>	<b>\$ 642,550</b>	<b>\$ 301,905</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 4,509	\$ -	\$ 7,460	\$ 15,058
Accrued expenses	-	2,153	-	842	21,407
Due to other funds	-	-	-	-	-
Due to other governments	3,879	208,559	-	-	-
Unearned revenue	-	544	-	630,026	264,814
Total Liabilities	3,879	215,765	-	638,328	301,279
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	7,184	-	-	4,222	626
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	7,184	-	-	4,222	626
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>	<b>\$ 11,063</b>	<b>\$ 215,765</b>	<b>\$ -</b>	<b>\$ 642,550</b>	<b>\$ 301,905</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Title IV 21st Century Community Learning Center (4421 - 19)	Adult Education and Family Literacy - State Basic
<b>ASSETS</b>					
Cash and cash equivalents	\$ 629,322	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	44,497	65,678	135,065	18,531
Total Assets	629,322	44,497	65,678	135,065	18,531
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 629,322</b>	<b>\$ 44,497</b>	<b>\$ 65,678</b>	<b>\$ 135,065</b>	<b>\$ 18,531</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 10,728	\$ 3,192	\$ 2,354	\$ 9,565	\$ 167
Accrued expenses	3,461	9,709	12,305	26,404	8,774
Due to other funds	-	25,900	51,019	78,016	9,590
Due to other governments	-	-	-	21,080	-
Unearned revenue	615,133	-	-	-	-
Total Liabilities	629,322	38,801	65,678	135,065	18,531
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	4,098
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	5,696	-	-	-
Unassigned	-	-	-	-	(4,098)
Total Fund Balance (Deficit)	-	5,696	-	-	(4,098)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>	<b>\$ 629,322</b>	<b>\$ 44,497</b>	<b>\$ 65,678</b>	<b>\$ 135,065</b>	<b>\$ 18,531</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	Performance Evaluation Advisory Council (PEAC)
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 1,672	\$ -	\$ -
Due from other governments	3,538	28,135	-	93,427	2,078
<b>Total Assets</b>	<b>3,538</b>	<b>28,135</b>	<b>1,672</b>	<b>93,427</b>	<b>2,078</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,538</b>	<b>28,135</b>	<b>1,672</b>	<b>93,427</b>	<b>2,078</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 28	\$ 29	\$ -	\$ 487	\$ -
Accrued expenses	1,169	399	-	4,551	-
Due to other funds	2,342	27,707	-	88,389	2,078
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,539</b>	<b>28,135</b>	<b>-</b>	<b>93,427</b>	<b>2,078</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	466	28,135	-	93,427	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	1,672	-	-
Unassigned	(467)	(28,135)	-	(93,427)	-
<b>Total Fund Balance (Deficit)</b>	<b>(467)</b>	<b>(28,135)</b>	<b>1,672</b>	<b>(93,427)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>	<b>\$ 3,538</b>	<b>\$ 28,135</b>	<b>\$ 1,672</b>	<b>\$ 93,427</b>	<b>\$ 2,078</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	Knox County Mental Health Board	AdvanceED	TOTALS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 114,188	\$ -	\$ 2,188,183
Due from other governments	-	7,141	401,018
Total Assets	114,188	7,141	2,589,201
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>\$ 114,188</u>	<u>\$ 7,141</u>	<u>\$ 2,589,201</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,933	\$ -	\$ 59,201
Accrued expenses	508	-	103,174
Due to other funds	-	7,141	294,521
Due to other governments	18,134	-	260,502
Unearned revenue	90,615	-	1,845,663
Total Liabilities	114,190	7,141	2,563,061
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	126,137
<b>FUND BALANCE (DEFICIT)</b>			
Restricted	-	-	26,337
Unassigned	(2)	-	(126,334)
Total Fund Balance (Deficit)	(2)	-	(99,997)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>			
	<u>\$ 114,188</u>	<u>\$ 7,141</u>	<u>\$ 2,589,201</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	63,123	38,353
Federal sources	17,663	1,086	-	-	-
<b>Total Revenues</b>	<b>17,663</b>	<b>1,086</b>	<b>-</b>	<b>63,123</b>	<b>38,353</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	8,377	-	-	57,449	30,262
Pension expense	674	-	-	2,232	414
OPEB expense	-	-	-	-	-
Purchased services	7,470	1,086	-	2,047	4,016
Supplies and materials	1,153	-	-	1,394	3,661
Intergovernmental:					
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,674</b>	<b>1,086</b>	<b>-</b>	<b>63,122</b>	<b>38,353</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>-</b>	<b>396</b>	<b>171</b>	<b>2,300</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ (11)</b>	<b>\$ 396</b>	<b>\$ 171</b>	<b>\$ 2,301</b>	<b>\$ -</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	ROE/ISC Operations	Title I - Foundational Services	Tuants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	110,410	-	111,323	686	-
Federal sources	-	66,543	-	-	21,701
<b>Total Revenues</b>	<b>110,410</b>	<b>66,543</b>	<b>111,323</b>	<b>686</b>	<b>21,701</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	65,526	19,987	96,843	-	-
Pension expense	1,712	63	7,779	-	-
OPEB expense	362	99	-	-	-
Purchased services	18,462	25,922	6,091	-	26,757
Supplies and materials	4,101	1,972	1,028	-	186
Intergovernmental:					
Payments to other governments	21,998	18,500	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>112,161</b>	<b>66,543</b>	<b>111,741</b>	<b>-</b>	<b>26,943</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,751)</b>	<b>-</b>	<b>(418)</b>	<b>686</b>	<b>(5,242)</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	1,751	-	418	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>686</b>	<b>(5,242)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(880)</b>	<b>9,311</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (194)</b>	<b>\$ 4,069</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	School Breakfast Program	Early Childhood Grant (3705-RX)	Early Childhood Grant (3705-1R)	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	894,993	345,073	1,654,606	785,132
Federal sources	10,556	-	-	-	-
<b>Total Revenues</b>	<b>10,556</b>	<b>894,993</b>	<b>345,073</b>	<b>1,654,606</b>	<b>785,132</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	-	53,571	25,548	146,357	620,336
Pension expense	-	2,572	1,993	1,832	48,519
OPEB expense	-	131	-	980	-
Purchased services	7,410	80,764	84,338	48,210	79,709
Supplies and materials	-	107,039	121,169	123,618	23,206
Intergovernmental:					
Payments to other governments	-	627,002	-	1,322,136	-
Capital outlay	-	23,914	112,025	7,251	12,736
<b>Total Expenditures</b>	<b>7,410</b>	<b>894,993</b>	<b>345,073</b>	<b>1,650,384</b>	<b>784,506</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,146</b>	<b>-</b>	<b>-</b>	<b>4,222</b>	<b>626</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,146</b>	<b>-</b>	<b>-</b>	<b>4,222</b>	<b>626</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>4,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ 7,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,222</b>	<b>\$ 626</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Title IV 21st Century Community Learning Center (4421 - 19)	Adult Education and Family Literacy - State Basic
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,052,177	-	-	-	140,527
Federal sources	-	133,314	220,715	239,873	-
<b>Total Revenues</b>	<b>1,052,177</b>	<b>133,314</b>	<b>220,715</b>	<b>239,873</b>	<b>140,527</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	265,840	96,465	163,183	156,779	130,348
Pension expense	14,171	4,184	8,299	5,702	8,597
OPEB expense	590	305	312	317	-
Purchased services	42,887	7,437	6,535	10,794	3,203
Supplies and materials	101,575	16,308	29,179	21,782	2,578
Intergovernmental:					
Payments to other governments	627,398	15,595	14,079	44,499	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,052,461</b>	<b>140,294</b>	<b>221,587</b>	<b>239,873</b>	<b>144,726</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(284)</b>	<b>(6,980)</b>	<b>(872)</b>	<b>-</b>	<b>(4,199)</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	284	-	872	-	101
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(6,980)</b>	<b>-</b>	<b>-</b>	<b>(4,098)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>-</b>	<b>12,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ -</b>	<b>\$ 5,696</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,098)</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	Performance Evaluation Advisory Council (PEAC)
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	28,187	1,817	-	-	20,000
Federal sources	-	-	-	13,252	-
<b>Total Revenues</b>	<b>28,187</b>	<b>1,817</b>	<b>-</b>	<b>13,252</b>	<b>20,000</b>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	22,530	27,343	-	97,180	-
Pension expense	1,794	2,110	-	6,040	-
OPEB expense	-	-	-	27	-
Purchased services	3,219	499	-	1,540	2,077
Supplies and materials	1,111	-	-	1,892	483
Intergovernmental:					
Payments to other governments	-	-	-	-	17,440
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>28,654</b>	<b>29,952</b>	<b>-</b>	<b>106,679</b>	<b>20,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(467)</b>	<b>(28,135)</b>	<b>-</b>	<b>(93,427)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(467)</b>	<b>(28,135)</b>	<b>-</b>	<b>(93,427)</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>-</b>	<b>-</b>	<b>1,672</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ (467)</b>	<b>\$ (28,135)</b>	<b>\$ 1,672</b>	<b>\$ (93,427)</b>	<b>\$ -</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2019**

	Knox County Mental Health Board	AdvancED	TOTALS
<b>REVENUES</b>			
Local sources	\$ 96,368	\$ -	\$ 96,368
State sources	-	-	5,246,407
Federal sources	-	15,000	739,703
<b>Total Revenues</b>	<b>96,368</b>	<b>15,000</b>	<b>6,082,478</b>
<b>EXPENDITURES</b>			
Instructional services:			
Salaries and benefits	25,775	-	2,109,699
Pension expense	1,924	-	120,611
OPEB expense	-	-	3,123
Purchased services	20,864	7,500	498,837
Supplies and materials	7,924	-	571,359
Intergovernmental:			
Payments to other governments	38,894	-	2,747,541
Capital outlay	989	-	156,915
<b>Total Expenditures</b>	<b>96,370</b>	<b>7,500</b>	<b>6,208,085</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2)</b>	<b>7,500</b>	<b>(125,607)</b>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	-	-	3,426
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2)</b>	<b>7,500</b>	<b>(122,181)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)</b>	<b>-</b>	<b>(7,500)</b>	<b>22,184</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>(2)</b>	<b>-</b>	<b>(99,997)</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 16,517	\$ 16,517	\$ 17,663
EXPENDITURES			
Instructional services:			
Salaries and benefits	8,934	8,934	8,377
Pension expense	-	-	674
Purchased services	6,783	6,783	7,470
Supplies and materials	800	800	1,153
Total Expenditures	<u>16,517</u>	<u>16,517</u>	<u>17,674</u>
NET CHANGE IN FUND BALANCE	-	-	(11)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11)</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER LEADERSHIP  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 1,086	\$ 1,086	\$ 1,086
EXPENDITURES			
Instructional services:			
Purchased services	1,086	1,086	1,086
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	396
FUND BALANCE - ENDING	\$ -	\$ -	\$ 396

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 60,632	\$ 60,632	\$ 63,123
EXPENDITURES			
Instructional services:			
Salaries and benefits	58,840	58,840	57,449
Pension expense	-	-	2,232
Purchased services	1,389	1,389	2,047
Supplies and materials	403	403	1,394
Total Expenditures	<u>60,632</u>	<u>60,632</u>	<u>63,122</u>
NET CHANGE IN FUND BALANCE	-	-	1
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>2,300</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,301</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 37,633	\$ 37,633	\$ 38,353
EXPENDITURES			
Instructional services:			
Salaries and benefits	31,292	31,292	30,262
Pension expense	-	-	414
Purchased services	2,764	2,764	4,016
Supplies and materials	3,577	3,577	3,661
Total Expenditures	<u>37,633</u>	<u>37,633</u>	<u>38,353</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 110,410	\$ 110,410	\$ 110,410
EXPENDITURES			
Instructional services:			
Salaries and benefits	71,995	71,195	65,526
Pension expense	-	-	1,712
OPEB expense	-	-	362
Purchased services	15,215	16,015	18,462
Supplies and materials	3,200	3,200	4,101
Intergovernmental:			
Payments to other governments	20,000	20,000	21,998
Total Expenditures	<u>110,410</u>	<u>110,410</u>	<u>112,161</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(1,751)
OTHER FINANCING SOURCES:			
Transfers in	<u>-</u>	<u>-</u>	<u>1,751</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE I - FOUNDATIONAL SERVICES  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 169,125	\$ 169,125	\$ 66,543
EXPENDITURES			
Instructional services:			
Salaries and benefits	87,934	87,934	19,987
Pension expense	-	-	63
OPEB expense	-	-	99
Purchased services	49,711	49,711	25,922
Supplies and materials	4,426	4,426	1,972
Intergovernmental:			
Payments to other governments	27,054	27,054	18,500
Total Expenditures	<u>169,125</u>	<u>169,125</u>	<u>66,543</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE EDUCATION  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 111,460	\$ 111,460	\$ 111,323
EXPENDITURES			
Instructional services:			
Salaries and benefits	105,224	105,224	96,843
Pension expense	-	-	7,779
Purchased services	5,938	5,938	6,091
Supplies and materials	298	298	1,028
Total Expenditures	<u>111,460</u>	<u>111,460</u>	<u>111,741</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(418)
OTHER FINANCING SOURCES:			
Transfers in	-	-	418
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-RX)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 1,296,453	\$ 1,296,453	\$ 894,993
EXPENDITURES			
Instructional services:			
Salaries and benefits	330,742	103,603	53,571
Pension expense	-	-	2,572
OPEB expense	-	-	131
Purchased services	101,303	99,721	80,764
Supplies and materials	273,605	287,943	107,039
Intergovernmental:			
Payments to other governments	556,803	776,186	627,002
Capital outlay	34,000	29,000	23,914
Total Expenditures	<u>1,296,453</u>	<u>1,296,453</u>	<u>894,993</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-1R)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 481,805	\$ 481,805	\$ 345,073
EXPENDITURES			
Instructional services:			
Salaries and benefits	236,010	60,409	25,548
Pension expense	-	-	1,993
Purchased services	112,404	121,546	84,338
Supplies and materials	124,692	181,151	121,169
Capital outlay	8,699	118,699	112,025
Total Expenditures	481,805	481,805	345,073
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-00)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 2,046,972	\$ 2,085,178	\$ 1,654,606
EXPENDITURES			
Instructional services:			
Salaries and benefits	160,075	140,054	146,357
Pension expense	-	-	1,832
OPEB expense	-	-	980
Purchased services	45,051	31,732	48,210
Supplies and materials	32,646	42,164	123,618
Intergovernmental:			
Payments to other governments	1,808,000	1,871,228	1,322,136
Capital outlay	1,200	-	7,251
Total Expenditures	<u>2,046,972</u>	<u>2,085,178</u>	<u>1,650,384</u>
NET CHANGE IN FUND BALANCE	-	-	4,222
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,222</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 979,110	\$ 979,110	\$ 785,132
EXPENDITURES			
Instructional services:			
Salaries and benefits	785,121	699,256	620,336
Pension expense	-	-	48,519
Purchased services	141,602	121,719	79,709
Supplies and materials	47,887	122,385	23,206
Capital outlay	4,500	35,750	12,736
Total Expenditures	<u>979,110</u>	<u>979,110</u>	<u>784,506</u>
NET CHANGE IN FUND BALANCE	-	-	626
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD - MONITORING  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 1,623,314	\$ 1,623,314	\$ 1,052,177
EXPENDITURES			
Instructional services:			
Salaries and benefits	308,861	335,573	265,840
Pension expense	-	-	14,171
OPEB expense	-	-	590
Purchased services	115,906	59,880	42,887
Supplies and materials	94,440	142,688	101,575
Intergovernmental:			
Payments to other governments	1,076,483	1,040,173	627,398
Capital outlay	27,624	45,000	-
Total Expenditures	<u>1,623,314</u>	<u>1,623,314</u>	<u>1,052,461</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(284)
OTHER FINANCING SOURCES:			
Transfers in	-	-	284
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-13)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 150,000	\$ 150,000	\$ 133,314
EXPENDITURES			
Instructional services:			
Salaries and benefits	100,975	100,975	96,465
Pension expense	-	-	4,184
OPEB expense	-	-	305
Purchased services	13,317	5,217	7,437
Supplies and materials	20,633	33,083	16,308
Intergovernmental:			
Payments to other governments	15,075	10,725	15,595
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>140,294</u>
NET CHANGE IN FUND BALANCE	-	-	(6,980)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>12,676</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,696</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-15)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 225,000	\$ 225,000	\$ 220,715
EXPENDITURES			
Instructional services:			
Salaries and benefits	175,750	180,550	163,183
Pension expense	-	-	8,299
OPEB expense	-	-	312
Purchased services	11,990	9,490	6,535
Supplies and materials	21,625	26,125	29,179
Intergovernmental:			
Payments to other governments	15,635	8,835	14,079
Total Expenditures	<u>225,000</u>	<u>225,000</u>	<u>221,587</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(872)
OTHER FINANCING SOURCES:			
Transfers in	<u>-</u>	<u>-</u>	<u>872</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-19)  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 450,000	\$ 450,000	\$ 239,873
EXPENDITURES			
Instructional services:			
Salaries and benefits	265,888	226,888	156,779
Pension expense	-	-	5,702
OPEB expense	-	-	317
Purchased services	24,434	24,434	10,794
Supplies and materials	57,347	127,347	21,782
Intergovernmental:			
Payments to other governments	102,331	71,331	44,499
Total Expenditures	450,000	450,000	239,873
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 144,325	\$ 144,325	\$ 140,527
EXPENDITURES			
Instructional services:			
Salaries and benefits	140,482	140,482	130,348
Pension expense	-	-	8,597
Purchased services	1,766	1,766	3,203
Supplies and materials	2,077	2,077	2,578
Total Expenditures	<u>144,325</u>	<u>144,325</u>	<u>144,726</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(4,199)
OTHER FINANCING SOURCES:			
Transfers in	-	-	<u>101</u>
NET CHANGE IN FUND BALANCE	-	-	(4,098)
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,098)</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 30,720	\$ 30,720	\$ 28,187
EXPENDITURES			
Instructional services:			
Salaries and benefits	26,944	26,944	22,530
Pension expense	-	-	1,794
Purchased services	2,953	2,953	3,219
Supplies and materials	823	823	1,111
Total Expenditures	<u>30,720</u>	<u>30,720</u>	<u>28,654</u>
NET CHANGE IN FUND BALANCE	-	-	(467)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (467)</u></u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 FEDERAL ADULT EDUCATION - BASIC  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 101,670	\$ 101,670	\$ 13,252
EXPENDITURES			
Instructional services:			
Salaries and benefits	100,590	100,590	97,180
Pension expense	-	-	6,040
OPEB expense	-	-	27
Purchased services	-	-	1,540
Supplies and materials	1,080	1,080	1,892
Total Expenditures	<u>101,670</u>	<u>101,670</u>	<u>106,679</u>
NET CHANGE IN FUND BALANCE	-	-	(93,427)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,427)</u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 AdvancED  
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 7,500	\$ 7,500	\$ 15,000
EXPENDITURES			
Instructional services:			
Purchased services	7,500	7,500	7,500
NET CHANGE IN FUND BALANCE	-	-	7,500
FUND BALANCE (DEFICIT) - BEGINNING, AS RESTATED (NOTE 15)	-	-	(7,500)
FUND BALANCE - ENDING	\$ -	\$ -	\$ -

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2019**

	General Education Development	Bus Driver Training	Institute	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,983	\$ 19,228	\$ 161,763	\$ 183,974
Accounts receivable	40	-	-	40
Total Assets	3,023	19,228	161,763	184,014
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 3,023	\$ 19,228	\$ 161,763	\$ 184,014
<b>LIABILITIES</b>				
Accounts payable	-	\$ 289	\$ 12	\$ 301
Accrued expenses	-	172	-	172
Total Liabilities	-	461	12	473
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>FUND BALANCE</b>				
Restricted	3,023	18,767	161,751	183,541
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 3,023	\$ 19,228	\$ 161,763	\$ 184,014

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2019**

	General Education Development	Bus Driver Training	Institute	TOTALS
<b>REVENUES</b>				
Local sources	\$ 1,018	\$ 2,340	\$ 25,721	\$ 29,079
State sources	-	1,266	-	1,266
<b>Total Revenues</b>	<b>1,018</b>	<b>3,606</b>	<b>25,721</b>	<b>30,345</b>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries and benefits	-	2,131	-	2,131
Purchased services	-	1,106	3,015	4,121
<b>Total Expenditures</b>	<b>-</b>	<b>3,237</b>	<b>3,015</b>	<b>6,252</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,018</b>	<b>369</b>	<b>22,706</b>	<b>24,093</b>
<b>FUND BALANCE - BEGINNING</b>	<b>2,005</b>	<b>18,398</b>	<b>139,045</b>	<b>159,448</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 3,023</b>	<b>\$ 18,767</b>	<b>\$ 161,751</b>	<b>\$ 183,541</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 33  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 ALL AGENCY FUNDS  
 June 30, 2019**

	<u>School Facility Occupation Tax</u>	<u>Delabar CTE System</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 249	\$ 5,116	\$ 5,365
Due from other governments	<u>1,581,249</u>	<u>66,468</u>	<u>1,647,717</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,581,498</u></u>	<u><u>\$ 71,584</u></u>	<u><u>\$ 1,653,082</u></u>
<b>LIABILITIES</b>			
Due to other governments	<u>\$ 1,581,498</u>	<u>\$ 71,584</u>	<u>\$ 1,653,082</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,581,498</u></u>	<u><u>\$ 71,584</u></u>	<u><u>\$ 1,653,082</u></u>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 249	\$ 5,977,275	\$ 5,977,275	\$ 249
Due from other governments	1,569,209	1,581,249	1,569,209	1,581,249
<b>TOTAL ASSETS</b>	<b>\$ 1,569,458</b>	<b>\$ 7,558,524</b>	<b>\$ 7,546,484</b>	<b>\$ 1,581,498</b>
LIABILITIES				
Due to other governments	\$ 1,569,458	\$ 7,558,524	\$ 7,546,484	\$ 1,581,498
<b>TOTAL LIABILITIES</b>	<b>\$ 1,569,458</b>	<b>\$ 7,558,524</b>	<b>\$ 7,546,484</b>	<b>\$ 1,581,498</b>
 <u>DELABAR CTE SYSTEM</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 479,191	\$ 474,075	\$ 5,116
Due from other governments	-	66,468	-	66,468
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 545,659</b>	<b>\$ 474,075</b>	<b>\$ 71,584</b>
LIABILITIES				
Due to other governments	\$ -	\$ 545,659	\$ 474,075	\$ 71,584
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 545,659</b>	<b>\$ 474,075</b>	<b>\$ 71,584</b>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 249	\$ 6,456,466	\$ 6,451,350	\$ 5,365
Due from other governments	1,569,209	1,647,717	1,569,209	1,647,717
<b>TOTAL ASSETS</b>	<b>\$ 1,569,458</b>	<b>\$ 8,104,183</b>	<b>\$ 8,020,559</b>	<b>\$ 1,653,082</b>
LIABILITIES				
Due to other governments	\$ 1,569,458	\$ 8,104,183	\$ 8,020,559	\$ 1,653,082
<b>TOTAL LIABILITIES</b>	<b>\$ 1,569,458</b>	<b>\$ 8,104,183</b>	<b>\$ 8,020,559</b>	<b>\$ 1,653,082</b>

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 33  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<b>Passed-Through Illinois State Board of Education</b>			
<b>National School Lunch Program</b>			
National School Lunch Program	10.555	18-4210-00	\$ 3,318
National School Lunch Program	10.555	19-4210-00	<u>23,625</u>
			<u>26,943</u>
<b>School Breakfast Program</b>			
School Breakfast Program	10.553	18-4220-00	927
School Breakfast Program	10.553	19-4220-00	<u>6,483</u>
			<u>7,410</u>
Total Child Nutrition Cluster			<u>34,353</u>
Total U.S. Department of Agriculture			<u>34,353</u>
<b>U.S. Department of Education</b>			
<b>Passed-Through Illinois Community College Board</b>			
<b>Adult Education - Basic Grants to States</b>			
Federal Adult Education - Basic	84.002	684-01-1625	<u>106,679</u>
<b>Passed-Through Regional Office of Education No. 26</b>			
<b>Education for Homeless Children and Youth</b>			
McKinney Education for Homeless Children	84.196A	19-4920-00	<u>17,674</u>
<b>Passed-Through Regional Office of Education No. 26</b>			
<b>Title I Grants to Local Educational Agencies</b>			
Title I - Foundational Services	84.010A	19-1997-07	66,543
<b>Passed-Through Illinois State Board of Education</b>			
<b>Title I Grants to Local Educational Agencies</b>			
AdvancED	84.010A	S010A170013	<u>7,500</u>
			<u>74,043</u>
<b>Passed-Through Illinois State Board of Education</b>			
<b>Twenty-First Century Community Learning Centers</b>			
Twenty-First Century Community Learning Centers	M 84.287C	18-4421-13	36,530
Twenty-First Century Community Learning Centers	M 84.287C	18-4421-15	54,702
Twenty-First Century Community Learning Centers	M 84.287C	19-4421-13	103,764
Twenty-First Century Community Learning Centers	M 84.287C	19-4421-15	166,013
Twenty-First Century Community Learning Centers	M 84.287C	19-4421-19	<u>239,873</u>
Total Twenty-First Century Community Learning Centers			<u>600,882</u>
<b>Improving Teacher Quality State Grants</b>			
Title II - Teacher Quality Leadership	84.367A	19-4935-02	<u>1,086</u>
Total U.S. Department of Education			<u>800,364</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 834,717</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 33**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional Office of Education No. 33, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 33.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.