



**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, 2020**

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

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

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**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

| <u>Number of</u> | <u>This Audit</u> | <u>Prior Audit</u> |
|---|--------------------------|---------------------------|
| Audit findings | 5 | 4 |
| Repeated audit findings | 3 | 3 |
| Prior recommendations implemented or not repeated | 1 | 2 |

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|--|--------------------|--|-------------------------------------|
| <i>Findings (Government Auditing Standards)</i> | | | |
| 2020-001 | 14 | Inadequate Internal Control Procedures | Material Weakness and Noncompliance |
| 2020-002 | 17 | Inadequate Controls Over Capital Assets | Significant Deficiency |
| 2020-003 | 20 | Uninsured and Uncollateralized Deposits | Significant Deficiency |
| 2020-004 | 22 | Lack of Adequate Controls over the Review of Internal Controls over External Service Providers | Significant Deficiency |
| 2020-005 | 24 | Delay of Audit | Noncompliance |
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| 2020-001 | 26 | Inadequate Internal Control Procedures | Material Weakness and Noncompliance |
| <i>Prior Audit Findings not Repeated (Government Auditing Standards)</i> | | | |
| 2019-004 | 35 | Improper Classification of Fund Activities | Significant Deficiency |

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS
(Concluded)**

Prior Audit Findings not Repeated (Federal Compliance)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 24, 2021. Attending from the Regional Office of Education No. 33 were Jodi Scott, Regional Superintendent; Lori Loving, Assistant Regional Superintendent; Julie Lant, Bookkeeper/Payroll, and Annie Fancher, Bookkeeper/Accounts Payable; and from Adelfia LLC were Maria Divina Valera and Jennifer Roan, Partners. Responses to the recommendations were provided by Jodi Scott, Regional Superintendent, on June 30, 2021.

**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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability & Schedule of Employer Contributions, Teacher Health Insurance Security Fund – Schedule of 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 88 through 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 relate 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, 2021 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, 2021



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33, as of and for the year ended June 30, 2020, 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, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-002, 2020-003, and 2020-004 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-005.

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, 2021



**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, 2020. 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, 2020.

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 2020-001. 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. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a material weakness.

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, 2021

**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, 2020**

Financial Statements in accordance with GAAP

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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/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, 2020**

FINDING 2020-001 - Inadequate Internal Control Procedures (Repeat from Findings 19-001, 18-002, 17-002, and 16-002)

Federal Program Name: Twenty-First Century Community Learning Centers
Project No.: 2020-4421-13, 2020-4421-15, 2020-4421-19
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. In addition, we noted that in 4 bank accounts, monthly reconciliations were not performed timely for 9 out of 12 months (75%). 36 of 48 (75%) monthly bank reconciliations were reconciled more than 30 days after month-end (1 to 104 days late).
- B. The first and third quarter expenditure reports for the following grants were filed 4 to 34 days late:

First Quarter:

Submitted November 8, 2019 (19 days late)

- Early Childhood 2020-3705-01
- Early Childhood 2020-3705-PE
- Title II-Teacher Quality-Leadership Grant (4935)

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-001 - Inadequate Internal Control Procedures (Repeat from Findings 19-001, 18-002, 17-002, and 16-002) (Continued)

Submitted November 9, 2019 (20 days late)

- Regional Safe Schools-3696
- Early Childhood 2020-3705-00
- ROE/ISC Operations (3730)
- RSS Coop-3999

Submitted November 23, 2019 (34 days late)

- Title IV - 21st Century Community Learning Centers 2020-4421-13 (CFDA No. 84.287C)
- Title IV - 21st Century Community Learning Centers 2020-4421-15 (CFDA No. 84.287C)

Third Quarter:

Submitted April 24, 2020 (4 days late)

- Regional Safe Schools-3696

C. We noted 5 of 40 receipts tested (13%), totaling \$81,411, were not timely deposited, ranging from 8 to 49 days late.

QUESTIONED COSTS:

None

CONTEXT:

Total expenditures of federal awards for the Twenty-First Century Community Learning Centers were \$919,917. The total expenditures reported during the first quarter totaled \$11,867.

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. Failure to ensure the timely deposit of cash receipts could result in a compromise of internal controls, increase the risk of potential loss, and loss of interest income.

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-001 - Inadequate Internal Control Procedures (Repeat from Findings 19-001, 18-002, 17-002, and 16-002) (Concluded)

CAUSE:

The Regional Office of Education No. 33 officials indicated employee resignation, staff transition, and competing priorities 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. The Regional Office should also develop internal controls to ensure expenditure reports are submitted within the grantors due date. In addition, the Regional Office should implement controls and maintain adequate documentation to ensure cash receipts are deposited in a timely manner.

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. Beginning May 2020, the Regional Office switched accounting systems which caused more work for the bookkeeping department. There were balancing problems in the accounting software program causing balancing problems. It took several months with the help of the accounting software staff, outside consultant and ROE bookkeeping staff to reconcile accounts.

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-002 - Inadequate Controls Over Capital Assets (Repeat from Findings 19-002 and 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.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Paragraph No. 18 requires cost of capital assets to include ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition such as freight and transportation charges, installation, and site preparation costs.

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. Regional Office of Education No. 33 did not consistently tag all assets with asset tags to ensure complete accounting and monitoring of capital assets.
- B. The capital asset list was not complete and accurately maintained. The capital asset list maintained in a spreadsheet did not reconcile with the asset detail supporting the amounts reported in the financial statements as follows:

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-002 - Inadequate Controls Over Capital Assets (Repeat from Findings 19-002 and 18-003) (Continued)

- The capital asset list did not include all assets acquired prior to 2020 and there were no disposals reported. Thus, the capital asset list was understated by asset costs totaling \$168,092.
- Ten asset items costing a total of \$7,990 purchased in December 2019 were recorded in the capital asset list as acquired in December 2020 and one asset item costing \$1,300 purchased in February 2020 was recorded in the capital asset list as acquired in February 2019. These assets were properly included in the capital asset additions in the financial statements.
- Four capital asset items acquired in fiscal year 2020 totaling \$12,301, were not included in the capital asset listing but were properly reported as capital asset additions.
- One asset costing \$599 acquired in April 2020 was in the capital asset list but not included in the asset details of additions for fiscal year 2020.

C. 3 of 10 (30%) additions tested totaling \$11,551 were not accurately recorded. These items were part of a playground project with total project costs of \$24,938 but were treated as separate items in the asset detail. Installation and freight costs totaling \$10,079 and other costs that are integral to the project were not included in the capitalized cost of the assets, thereby understating the capital assets reported in the financial statements.

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.

CAUSE:

The Regional Office of Education No. 33 officials indicated they have 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. However, employee resignation, staff transition, and competing priorities resulted in the conditions noted above.

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-002 - Inadequate Controls Over Capital Assets (Repeat from Findings 19-002 and 18-003) (Concluded)

RECOMMENDATION:

The Regional Office of Education No. 33 should assign responsibility to staff to ensure that capital assets are tagged, schedules are regularly, and accurately maintained, and current year activity is periodically reconciled to the capital asset listing used in financial statement preparation. An inventory count should be taken periodically and compared to the items on the capital asset list, and significant differences investigated. The capital asset list should be completed to include all the details required by the ROE Accounting Manual and amounts capitalized should include all related costs as required by generally accepted accounting principles.

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 used in the financial statement preparation. An inventory count will be taken periodically 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:

- i. Capital asset PO's have been created for each asset. All information is listed to on the new capital asset PO to maintain consistent information about all purchases.
- ii. The Bookkeeper will possess all capital asset inventory tags.
- iii. The Bookkeeper is to be contacted upon receipt of capital asset. The Bookkeeper will schedule a time to go tag the asset and complete the capital asset master inventory log.
- iv. All completed capital asset PO's will be sent to Bookkeeper once capital asset is received.
- v. The Bookkeeper will schedule a time to tag, photograph, and complete the Asset Additions/Disposal Master Spreadsheet. The Bookkeeper will be the only person to add or make changed to the capital asset log.
- vi. The Accounting Office will maintain a copy of all capital assets in a yearly folder and photographs will be saved in a yearly folder on Google.

**CHAMPAIGN AND FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-003 – Uninsured and Uncollateralized Deposits

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 33 is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/6 (d)) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institution's trust departments in the Regional Office of Education No. 33's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office of Education No. 33 be adequately covered by depository insurance or collateral.

CONDITION:

The Regional Office of Education No. 33 did not adequately perform formal monitoring procedures of its bank accounts to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The Regional Office has four financial institutions with bank balances totaling \$4,227,948. Of this total, the cash balance as of June 30, 2020, held with one financial institution was \$51,187 over the Federal Deposit Insurance Coverage (FDIC) of \$250,000 and no additional collateral pledged by the financial institution was obtained to cover the remaining insured amount.

EFFECT:

Failure to adequately monitor and ensure Regional Office funds are sufficiently covered by collateral may result in monetary losses to the Regional Office of Education No. 33 in the event of a bank failure.

CAUSE:

The Regional Office of Education No. 33 officials indicated competing priorities prevented them from monitoring the adequacy of the level of the collateral.

RECOMMENDATION:

The Regional Office of Education No. 33 should regularly monitor balances held with financial institutions and secure sufficient pledged collateral. The Regional Office should ensure the value of collateral remains adequate for the balance of the Regional Office's accounts according to the agreement in place.

**CHAMPAIGN AND FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-003 – Uninsured and Uncollateralized Deposits (Concluded)

MANAGEMENT’S RESPONSE:

The Regional Office of Education has hired a part time accounts receivable bookkeeper to monitor incoming revenues. She will also regularly monitor balances held with financial institutions and make sure secure sufficient collaterals are pledged as recommended. This finding will continue through FY21 as COVID kept our bookkeeping staff to a minimal. There was only one bookkeeper in the office for several months.

**CHAMPAIGN AND FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-004 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 33 is responsible for the design, implementation, and maintenance of internal controls, including the controls that are outsourced to service providers, related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

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

CONDITION:

As part of the audit process, we requested the Regional Office of Education No. 33 to provide a population of the service providers utilized. The Regional Office of Education No. 33 was able to identify service providers that provided various hosting and backup services for the Regional Office of Education No. 33.

During testing, the auditors noted the Regional Office of Education No. 33 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) reports from the service providers and related subservice organization or performing alternative procedures to determine the impact of such services on its internal control environment prior to signing an agreement with the service provider.
- Documented its review of each of the SOC reports, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 33's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 33's operations.

EFFECT:

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Regional Office of Education No. 33 does not have assurance the external service provider's and its subservice organization's internal controls are adequate.

**CHAMPAIGN AND FORD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2020**

FINDING 2020-004 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Concluded)

CAUSE:

The Regional Office of Education No. 33 officials indicated they understand the importance of a formal process to monitor service providers and did not realize the current process did not address all the issues noted.

RECOMMENDATION:

We recommend the Regional Office of Education No. 33 identify all third-party service providers and determine and document if a review of controls is required. If required, the Regional Office of Education No. 33 should:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems including services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter.
- Document its review of the SOC reports or perform alternative procedures to evaluate all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Regional Office of Education No. 33, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 33's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

MANAGEMENT'S RESPONSE:

The Regional Office of Education will incorporate procedures to make sure to obtain the following information for any third-party service providers as recommended by the auditors:

- A. SOC reports or perform independent reviews of internal controls associated with outsourced systems including services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter.
- B. Document its review of the SOC reports or perform alternative procedures to evaluate all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Regional Office of Education No. 33. and any compensating controls.
- C. Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 33's operations.
- D. Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-005 - Delay of Audit (Repeat from Findings 19-003 and 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 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody, or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

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

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

CONDITION:

The Regional Office of Education No. 33 did not provide completed financial statements in an auditable form by the August 31 deadline. The financial statements were provided on December 8, 2020.

EFFECT:

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

CAUSE:

The Regional Office of Education No. 33 officials indicated a change in accounting system contributed to the delay in providing the accounting firm the needed information to prepare the Fiscal Year 2020 financial statements.

**HENDERSON/KNOX/MERCER/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, 2020**

FINDING 2020-005 - Delay of Audit (Repeat from Findings 19-003 and 18-004) (Concluded)

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:

Beginning May 2020, the Regional Office switched accounting systems which caused more work for the bookkeeping department. There were balancing problems in the accounting software program causing balancing problems. Training and hands-on experience for the bookkeeping staff will ensure that information will be submitted to the contracted accounting firm by the required deadlines in the future.

The Regional Office of Education has retained the accounting firm who prepared the Fiscal Year 2020 financial statements for Fiscal Year 2021.

**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, 2020**

INSTANCES OF NONCOMPLIANCE:

FINDING 2020-001 – (finding details on page 14)

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES:

FINDING 2020-001 – (finding details on page 14)

**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, 2020**

Corrective Action Plan

FINDING 2020-001 - Inadequate Internal Control Procedures (Repeat from Findings 19-001, 18-002, 17-002, and 16-002)

Federal Program Name: Twenty-First Century Community Learning Centers
Project No.: 2020-4421-13, 2020-4421-15, 2020-4421-19
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. In addition, we noted that in 4 bank accounts, monthly reconciliations were not performed timely for 9 out of 12 months (75%). 36 of 48 (75%) monthly bank reconciliations were reconciled more than 30 days after month-end (1 to 104 days late).
- B. The first and third quarter expenditure reports for the following grants were filed 4 to 34 days late:

First Quarter:

Submitted November 8, 2019 (19 days late)

- Early Childhood 2020-3705-01
- Early Childhood 2020-3705-PE
- Title II-Teacher Quality-Leadership Grant (4935)

Submitted November 9, 2019 (20 days late)

- Regional Safe Schools-3696
- Early Childhood 2020-3705-00
- ROE/ISC Operations (3730)
- RSS Coop-3999

**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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-001 - Inadequate Internal Control Procedures (Repeat from Findings 19-001, 18-002, 17-002, and 16-002) (Concluded)

CONDITION: (Concluded)

Submitted November 23, 2019 (34 days late)

- Title IV - 21st Century Community Learning Centers 2020-4421-13 (CFDA No. 84.287C)
- Title IV - 21st Century Community Learning Centers 2020-4421-15 (CFDA No. 84.287C)

Third Quarter:

Submitted April 24, 2020 (4 days late)

- Regional Safe Schools-3696

C. We noted 5 of 40 receipts tested (13%), totaling \$81,411, were not timely deposited, ranging from 8 to 49 days late.

PLAN:

The Regional Office of Education No. 33 will have an individual, independent of the general ledger processes, document the review of the bank reconciliations.

The Regional Office of Education No. 33 will monitor and ensure expenditure reports are submitted by the due date.

The Regional Office of Education No. 33 will implement controls and maintain adequate documentation to ensure cash receipts are deposited in a timely manner.

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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-002 - Inadequate Controls Over Capital Assets (Repeat from Findings 19-002 and 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. Regional Office of Education No. 33 did not consistently tag all assets with asset tags to ensure complete accounting and monitoring of capital assets.
- B. The capital asset list was not complete and accurately maintained. The capital asset list maintained in a spreadsheet did not reconcile with the asset detail supporting the amounts reported in the financial statements as follows:
 - The capital asset list did not include all assets acquired prior to 2020 and there were no disposals reported. Thus, the capital asset list was understated by asset costs totaling \$168,092.
 - Ten asset items costing a total of \$7,990 purchased in December 2019 were recorded in the capital asset list as acquired in December 2020 and one asset item costing \$1,300 purchased in February 2020 was recorded in the capital asset list as acquired in February 2019. These assets were properly included in the capital asset additions in the financial statements.
 - Four capital asset items acquired in fiscal year 2020 totaling \$12,301, were not included in the capital asset listing but were properly reported as capital asset additions.
 - One asset costing \$599 acquired in April 2020 was in the capital asset list but not included in the asset details of additions for fiscal year 2020.
- C. 3 of 10 (30%) additions tested totaling \$11,551 were not accurately recorded. These items were part of a playground project with total project costs of \$24,938 but were treated as separate items in the asset detail. Installation and freight costs totaling \$10,079 and other costs that are integral to the project were not included in the capitalized cost of the assets, thereby understating the capital assets reported in the financial statements.

**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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-002 - Inadequate Controls Over Capital Assets (Repeat from Findings 19-002 and 18-003) (Concluded)

PLAN:

The Regional Office of Education No. 33 will 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 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.

In addition, the cost of capital asset will include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-003 – Uninsured and Uncollateralized Deposits

CONDITION:

The Regional Office of Education No. 33 did not adequately perform formal monitoring procedures of its bank accounts to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The Regional Office has four financial institutions with bank balances totaling \$4,227,948. Of this total, the cash balance as of June 30, 2020, held with one financial institution was \$51,187 over the Federal Deposit Insurance Coverage (FDIC) of \$250,000 and no additional collateral pledged by the financial institution was obtained to cover the remaining insured amount.

PLAN:

The Regional Office of Education No. 33 will monitor pledged collateral and instruct the financial institution to ensure the value of collateral remains adequate for the balance of the Regional Office's accounts according to the agreement in place.

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-004 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

CONDITION:

As part of the audit process, we requested the Regional Office of Education No. 33 to provide a population of the service providers utilized. The Regional Office of Education No. 33 was able to identify service providers that provided various hosting and backup services for the Regional Office of Education No. 33.

During testing, the auditors noted the Regional Office of Education No. 33 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) reports from the service providers and related subservice organization or performing alternative procedures to determine the impact of such services on its internal control environment prior to signing an agreement with the service provider.
- Documented its review of each of the SOC reports, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 33's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 33's operations.

PLAN:

The Regional Office of Education No. 33 will identify all third-party service providers and determine and document if a review of controls is required. If required, the Regional Office of Education No. 33 will:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems including services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter.
- Document its review of the SOC reports or perform alternative procedures to evaluate all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Regional Office of Education No. 33, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 33's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

**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, 2020**

Corrective Action Plan (Continued)

FINDING 2020-004 - Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Concluded)

ANTICIPATED DATE OF COMPLETION:

June 30, 2021

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, 2020**

Corrective Action Plan (Concluded)

FINDING 2020-005 - Delay of Audit (Repeat from Findings 19-003 and 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. The financial statements were provided on December 8, 2020.

PLAN:

The Regional Office of Education No. 33 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements 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.

ANTICIPATED DATE OF COMPLETION:

August 31, 2021

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, 2020**

| | | |
|----------|--|--------------|
| 2019-004 | Improper Classification of Fund Activities | Not Repeated |
|----------|--|--------------|

During the current audit, the Regional Office of Education No. 33 implemented corrective action and reported the Criminal Background Investigation Fund as business type activities in accordance with GASB Statement No. 34.

BASIC FINANCIAL STATEMENTS

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
STATEMENT OF NET POSITION
June 30, 2020

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 3,444,787 | \$ 507,393 | \$ 3,952,180 |
| Accounts receivable | 8,000 | - | 8,000 |
| Due from other governments | 759,062 | 18,750 | 777,812 |
| Prepaid expenses | 1,550 | - | 1,550 |
| Total Current Assets | <u>4,213,399</u> | <u>526,143</u> | <u>4,739,542</u> |
| Noncurrent Assets: | | | |
| Capital assets, net of depreciation | 241,228 | 270 | 241,498 |
| TOTAL ASSETS | <u>4,454,627</u> | <u>526,413</u> | <u>4,981,040</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 591,826 | - | 591,826 |
| Deferred outflows related to OPEB | 114,593 | 11,375 | 125,968 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>706,419</u> | <u>11,375</u> | <u>717,794</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 78,607 | 2,073 | 80,680 |
| Accrued expenses | 233,090 | 682 | 233,772 |
| Due to other governments | 1,010,850 | 28 | 1,010,878 |
| Unearned revenue | 337,291 | - | 337,291 |
| Total Current Liabilities | <u>1,659,838</u> | <u>2,783</u> | <u>1,662,621</u> |
| Noncurrent Liabilities: | | | |
| Net pension liability | 199,209 | - | 199,209 |
| Net OPEB liability | 760,153 | 51,458 | 811,611 |
| Total Noncurrent Liabilities | <u>959,362</u> | <u>51,458</u> | <u>1,010,820</u> |
| TOTAL LIABILITIES | <u>2,619,200</u> | <u>54,241</u> | <u>2,673,441</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 710,342 | - | 710,342 |
| Deferred inflows related to OPEB | 68,207 | 6,771 | 74,978 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>778,549</u> | <u>6,771</u> | <u>785,320</u> |
| NET POSITION | | | |
| Net investment in capital assets | 241,228 | 270 | 241,498 |
| Restricted-other | 224,482 | - | 224,482 |
| Unrestricted | 1,297,587 | 476,506 | 1,774,093 |
| TOTAL NET POSITION | <u>\$ 1,763,297</u> | <u>\$ 476,776</u> | <u>\$ 2,240,073</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, 2020**

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------|----------------------|-------------------------|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | \$ 3,639,167 | \$ 25,270 | \$ 2,969,593 | \$ (644,304) | \$ - | \$ (644,304) |
| Pension expense | 52,464 | - | - | (52,464) | - | (52,464) |
| OPEB expense | 231,735 | - | - | (231,735) | - | (231,735) |
| Purchased services | 623,656 | 4,813 | 418,252 | (200,591) | - | (200,591) |
| Supplies and materials | 599,049 | - | 543,728 | (55,321) | - | (55,321) |
| Other objects | 11 | - | - | (11) | - | (11) |
| Depreciation expense | 44,765 | - | - | (44,765) | - | (44,765) |
| Capital outlay | - | - | 83,650 | 83,650 | - | 83,650 |
| Intergovernmental: | | | | | | |
| Payments to other governments | 4,334,986 | - | 4,349,824 | 14,838 | - | 14,838 |
| Administrative: | | | | | | |
| On-behalf payments - State | 730,744 | - | - | (730,744) | - | (730,744) |
| Total Governmental Activities | 10,256,577 | 30,083 | 8,365,047 | (1,861,447) | - | (1,861,447) |
| Business-Type Activities: | | | | | | |
| Fees for services | 202,505 | 273,920 | - | - | 71,415 | 71,415 |
| Total Business-Type Activities | 202,505 | 273,920 | - | - | 71,415 | 71,415 |
| TOTAL PRIMARY GOVERNMENT | \$ 10,459,082 | \$ 304,003 | \$ 8,365,047 | (1,861,447) | 71,415 | (1,790,032) |
| GENERAL REVENUES: | | | | | | |
| Local sources | | | | | | |
| State sources | | | | 580,264 | - | 580,264 |
| On-behalf payments - State | | | | 695,317 | - | 695,317 |
| Investment earnings | | | | 730,744 | - | 730,744 |
| | | | | 6,865 | - | 6,865 |
| Total general revenues | | | | 2,013,190 | - | 2,013,190 |
| CHANGE IN NET POSITION | | | | 151,743 | 71,415 | 223,158 |
| NET POSITION - BEGINNING | | | | 1,650,085 | 366,830 | 2,016,915 |
| RECLASSIFICATION (NOTE 15) | | | | (38,531) | 38,531 | - |
| NET POSITION - ENDING | | | | \$ 1,763,297 | \$ 476,776 | \$ 2,240,073 |

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, 2020**

| | General Fund | Education Fund | Nonmajor Revenue Funds | Special Funds | Eliminations | Total Governmental Funds |
|---|---------------------|---------------------|------------------------|---------------|---------------------|--------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,947,642 | \$ 1,302,720 | \$ 194,425 | \$ - | \$ - | \$ 3,444,787 |
| Due from other funds | 314,205 | - | - | - | (314,205) | - |
| Accounts receivable | - | 8,000 | - | - | - | 8,000 |
| Due from other governments | 137,380 | 621,682 | - | - | - | 759,062 |
| Prepaid expenses | - | 1,550 | - | - | - | 1,550 |
| Total Assets | 2,399,227 | 1,933,952 | 194,425 | - | (314,205) | 4,213,399 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| None | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,399,227 | \$ 1,933,952 | \$ 194,425 | \$ - | \$ (314,205) | \$ 4,213,399 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 14,810 | \$ 63,797 | \$ - | \$ - | \$ - | \$ 78,607 |
| Accrued expenses | 25,421 | 207,343 | 326 | - | - | 233,090 |
| Due to other funds | 29,917 | 284,288 | - | - | (314,205) | - |
| Due to other governments | - | 1,010,850 | - | - | - | 1,010,850 |
| Unearned revenue | - | 337,291 | - | - | - | 337,291 |
| Total Liabilities | 70,148 | 1,903,569 | 326 | - | (314,205) | 1,659,838 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 38,353 | 223,401 | - | - | - | 261,754 |
| FUND BALANCE (DEFICIT) | | | | | | |
| Nonspendable | - | 1,550 | - | - | - | 1,550 |
| Restricted | - | 22,897 | 194,099 | - | - | 216,996 |
| Assigned | 33,874 | - | - | - | - | 33,874 |
| Unassigned | 2,256,852 | (217,465) | - | - | - | 2,039,387 |
| Total Fund Balance (Deficit) | 2,290,726 | (193,018) | 194,099 | - | - | 2,291,807 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | \$ 2,399,227 | \$ 1,933,952 | \$ 194,425 | \$ - | \$ (314,205) | \$ 4,213,399 |

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, 2020**

| | |
|---|--------------|
| TOTAL FUND BALANCE — GOVERNMENTAL FUNDS | \$ 2,291,807 |
|---|--------------|

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. | 241,228 |
|---|---------|

| | |
|--|---------|
| 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 | 261,754 |
|--|---------|

| | |
|--|------------|
| Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows: | |
| Deferred outflows of resources - IMRF | \$ 400,341 |
| Deferred outflows of resources - TRS | 191,485 |
| Deferred outflows of resources - THIS | 114,593 |
| Deferred inflows of resources - IMRF | (193,536) |
| Deferred inflows of resources - TRS | (516,806) |
| Deferred inflows of resources - THIS | (68,207) |
| | (72,130) |

| | |
|--|-----------|
| Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| IMRF net pension liability | (146,114) |
| TRS net pension liability | (53,095) |
| | (199,209) |

| | |
|---|-----------|
| 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 | (518,402) |
| Total OPEB liability - WAS | (241,751) |
| | (760,153) |

| | |
|---|--------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 1,763,297 |
|---|--------------|

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, 2020**

| | General Fund | Education Fund | Nonmajor Revenue Funds | Special Funds | Eliminations | Total Governmental Funds |
|--|---------------------|---------------------|------------------------|---------------|--------------|--------------------------|
| REVENUES | | | | | | |
| Local sources | \$ 415,673 | \$ 163,386 | \$ 29,237 | \$ - | \$ - | \$ 608,296 |
| State sources | 858,703 | 7,045,995 | 1,229 | - | - | 7,905,927 |
| Federal sources | - | 1,057,173 | - | - | - | 1,057,173 |
| On-behalf payments - State | 286,672 | - | - | - | - | 286,672 |
| Investment earnings | 6,865 | - | - | - | - | 6,865 |
| Total Revenues | 1,567,913 | 8,266,554 | 30,466 | - | - | 9,864,933 |
| EXPENDITURES | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | 810,396 | 2,818,308 | 15,651 | - | - | 3,644,355 |
| Pension expense | 34,415 | 161,422 | 999 | - | - | 196,836 |
| OPEB expense | 2,010 | 3,862 | - | - | - | 5,872 |
| Purchased services | 183,810 | 436,588 | 3,258 | - | - | 623,656 |
| Supplies and materials | 66,580 | 532,469 | - | - | - | 599,049 |
| Other objects | 11 | - | - | - | - | 11 |
| Administrative: | | | | | | |
| On-behalf payments - State | 286,672 | - | - | - | - | 286,672 |
| Intergovernmental: | | | | | | |
| Payments to other governments | 1,578 | 4,333,408 | - | - | - | 4,334,986 |
| Capital outlay | 4,505 | 74,843 | - | - | - | 79,348 |
| Total Expenditures | 1,389,977 | 8,360,900 | 19,908 | - | - | 9,770,785 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 177,936 | (94,346) | 10,558 | - | - | 94,148 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | 1,325 | - | - | (1,325) | - |
| Transfers out | (1,325) | - | - | - | 1,325 | - |
| Total Other Financing Sources (Uses) | (1,325) | 1,325 | - | - | - | - |
| NET CHANGE IN FUND BALANCE (DEFICIT) | 176,611 | (93,021) | 10,558 | - | - | 94,148 |
| FUND BALANCE (DEFICIT) - BEGINNING | 2,152,646 | (99,997) | 183,541 | - | - | 2,236,190 |
| RECLASSIFICATION (NOTE 15) | (38,531) | - | - | - | - | (38,531) |
| FUND BALANCE (DEFICIT) - ENDING | \$ 2,290,726 | \$ (193,018) | \$ 194,099 | \$ - | \$ - | \$ 2,291,807 |

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, 2020**

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 94,148

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|----------------------|-----------------|--------|
| Capital outlay | \$ 79,348 | |
| Depreciation expense | <u>(44,765)</u> | 34,583 |

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.

| | | |
|----------------------------------|------------------|--------|
| Current year unavailable revenue | 261,754 | |
| Prior year unavailable revenue | <u>(162,439)</u> | 99,315 |

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.

| | | |
|---------------------------------|------------------|-----------------|
| Pension income (expense) - TRS | 134,481 | |
| Pension income (expense) - IMRF | 9,891 | |
| OPEB income (expense) - THIS | (34,384) | |
| OPEB income (expense) - WAS | <u>(186,291)</u> | <u>(76,303)</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 151,743

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, 2020

| | Business-Type Activities - Enterprise Funds | | TOTALS |
|--|--|----------------------------------|-------------------|
| | Major | | |
| | Professional Development - Consortium | Nonmajor Proprietary Funds | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 422,624 | \$ 84,769 | \$ 507,393 |
| Due from other governments | 18,750 | - | 18,750 |
| Total current assets | 441,374 | 84,769 | 526,143 |
| Noncurrent assets: | | | |
| Capital assets, being depreciated, net | 270 | - | 270 |
| TOTAL ASSETS | 441,644 | 84,769 | 526,413 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to OPEB | 11,375 | - | 11,375 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 2,073 | - | 2,073 |
| Accrued expenses | 682 | - | 682 |
| Due to other governments | - | 28 | 28 |
| Total current liabilities | 2,755 | 28 | 2,783 |
| Noncurrent liabilities: | | | |
| OPEB liability | 51,458 | - | 51,458 |
| TOTAL LIABILITIES | 54,213 | 28 | 54,241 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to OPEB | 6,771 | - | 6,771 |
| NET POSITION | | | |
| Invested in capital assets | 270 | - | 270 |
| Unrestricted | 391,765 | 84,741 | 476,506 |
| TOTAL NET POSITION | \$ 392,035 | \$ 84,741 | \$ 476,776 |

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, 2020**

| | Business-Type Activities | | TOTALS |
|----------------------------|---|----------------------------------|------------|
| | Enterprise Funds | | |
| | Major | | |
| | Professional Development - Consortium | Nonmajor Proprietary Funds | |
| OPERATING REVENUES | | | |
| Fees for services | \$ 254,139 | \$ 19,781 | \$ 273,920 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 103,543 | - | 103,543 |
| OPEB expense | 5,578 | - | 5,578 |
| Purchased services | 77,049 | 15,060 | 92,109 |
| Supplies and materials | 1,095 | - | 1,095 |
| Depreciation | 180 | - | 180 |
| Total Operating Expenses | 187,445 | 15,060 | 202,505 |
| OPERATING INCOME | 66,694 | 4,721 | 71,415 |
| NET POSITION - BEGINNING | 325,341 | 41,489 | 366,830 |
| RECLASSIFICATION (NOTE 15) | - | 38,531 | 38,531 |
| NET POSITION - ENDING | \$ 392,035 | \$ 84,741 | \$ 476,776 |

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, 2020

| | Business-Type Activities - Enterprise Funds | | TOTALS |
|--|--|----------------------------------|-------------------|
| | Major | | |
| | Professional Development - Consortium | Nonmajor Proprietary Funds | |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers | \$ 261,419 | \$ 19,881 | \$ 281,300 |
| Payments to suppliers and providers of goods and services | (83,089) | (16,275) | (99,364) |
| Payments to employees | (104,368) | - | (104,368) |
| Net Cash Provided by Operating Activities | <u>73,962</u> | <u>3,606</u> | <u>77,568</u> |
| Increase in Cash and Cash Equivalents | 73,962 | 3,606 | 77,568 |
| Cash and cash equivalents - Beginning | <u>348,662</u> | <u>81,163</u> | <u>429,825</u> |
| Cash and cash equivalents - Ending | <u>\$ 422,624</u> | <u>\$ 84,769</u> | <u>\$ 507,393</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | |
| Operating Income | \$ 66,694 | \$ 4,721 | \$ 71,415 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | |
| Depreciation | 180 | - | 180 |
| (Increase)/decrease in assets: | | | |
| Accounts receivable | - | 50 | 50 |
| Due from other governments | 10,525 | 50 | 10,575 |
| Increase/(decrease) in liabilities: | | | |
| Accounts payable | (4,945) | - | (4,945) |
| Accrued expenses | (242) | (1,243) | (1,485) |
| Due to other governments | - | 28 | 28 |
| Unearned revenue | (3,245) | - | (3,245) |
| Net OPEB liability | 4,995 | - | 4,995 |
| Net Cash Provided by Operating Activities | <u>\$ 73,962</u> | <u>\$ 3,606</u> | <u>\$ 77,568</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, 2020**

| | Agency Funds |
|----------------------------|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 171,780 |
| Due from other governments | 1,578,503 |
| TOTAL ASSETS | \$ 1,750,283 |
| LIABILITIES | |
| Accounts payable | \$ 239 |
| Due to other governments | 1,750,044 |
| TOTAL LIABILITIES | \$ 1,750,283 |

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, 2020

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 2020, Henderson, Knox, Mercer, and Warren Counties Regional Office of Education No. 33 implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 extends the effective dates of certain accounting and financial reporting provisions that were first effective for reporting periods beginning after June 15, 2018. The primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

A. DATE OF MANAGEMENT’S REVIEW

The Henderson, Knox, Mercer, and Warren Counties ROE No. 33 has evaluated subsequent events through July 6, 2021, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For the period ended June 30, 2020, the Regional Office of Education No. 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's 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 three 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the 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.

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.

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REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
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June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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:

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 21st 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.

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.

Federal Adult Education – English Literacy (EL) Civics – Used to account for federal grant monies received for, and payment of, education and literacy for adults about U.S. history, government, civic engagement, and the naturalization process.

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June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Workforce Innovation and Opportunity Act (WIOA) – Used to account for grant monies received to provide students identified as high school dropouts with resources to obtain employment or alternative education plans.

Elementary and Secondary School Emergency Relief Grant – Used to account for grant monies received from the Illinois State Board of Education for emergency relief funds to prevent, prepare for, and respond to the coronavirus threat.

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:

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 funds:

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

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.

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.

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 Early Childhood Grant (3705-00) and Early Childhood Block Grant (3705-01) have nonspendable fund balances.

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REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: McKinney Education for Homeless Children, Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, State Free Lunch and Breakfast, National School Lunch Program, School Breakfast Program, Early Childhood Grant (3705-00), Title IV 21st Century Community Learning Center (4421-13), Adult Education and Family Literacy – State Performance, 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, and Testing Center.

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: Early Childhood Block Grant (3705-01), Federal Adult Education – Basic, Federal Adult Education – EL Civics, Performance Evaluation Advisory Council (PEAC), Workforce Innovation and Opportunity Act (WIOA), and Elementary and Secondary School Emergency Relief Grant.

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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Truants Alternative Education, Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), Early Childhood – Monitoring, Title IV 21st Century Community Learning Center (4421-13, 4421-15, 4421-19), Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, Federal Adult Education – Basic, Federal Adult Education – EL Civics, Performance Evaluation Advisory Council (PEAC), AdvancED, Workforce Innovation and Opportunity Act (WIOA), and Elementary and Secondary School Emergency Relief Grant.

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.

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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.

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.

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June 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

A. DEPOSITS

At June 30, 2020, the carrying amount of the Regional Office of Education No. 33's government-wide and agency fund deposits were \$3,952,180 and \$171,780, respectively, and the bank balances were \$4,056,168 and \$171,780, respectively. Of the total bank balances as of June 30, 2020, \$501,000 was secured by federal depository insurance, \$3,498,755 was collateralized by securities pledged by the Regional Office of Education No. 33's financial institution on behalf of the Regional Office, \$51,187 was uncollateralized, and \$177,006 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, 2020, the Regional Office of Education No. 33 had investments with a carrying value of \$177,006 in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2020, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

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
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

NOTE 3 – NONCURRENT LIABILITIES

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

| | Balance | | | Balance | Due within |
|---------------------------|----------------------|-------------------|-------------------|----------------------|-----------------|
| | <u>June 30, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2020</u> | <u>one year</u> |
| Governmental Activities: | | | | | |
| Net pension liability | \$ 356,015 | \$ - | \$ 156,806 | \$ 199,209 | \$ - |
| OPEB liabilities | <u>635,384</u> | <u>124,769</u> | <u>-</u> | <u>760,153</u> | <u>-</u> |
| Total | <u>\$ 991,399</u> | <u>\$ 124,769</u> | <u>\$ 156,806</u> | <u>\$ 959,362</u> | <u>\$ -</u> |
| Business-type Activities: | | | | | |
| Net OPEB liability | <u>\$ 41,668</u> | <u>\$ 9,790</u> | <u>\$ -</u> | <u>\$ 51,458</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.

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).

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

| | <u>IMRF</u> |
|--|--------------------|
| Retirees and beneficiaries currently receiving benefits | 9 |
| Inactive plan members entitled to but not yet receiving benefits | 25 |
| Active plan members | <u>60</u> |
| Total | 94 |

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 2019 was 7.77%. For the fiscal year ended June 30, 2020, the Regional Office of Education No. 33 contributed \$170,535 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.

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The Regional Office of Education No. 33's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25% including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's 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 as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pensions Liability (Asset) |
|--|------------------------------------|--|---|
| | (A) | (B) | (A) - (B) |
| Balances at December 31, 2018 | \$ 2,259,217 | \$ 1,955,260 | \$ 303,957 |
| Changes for the year: | | | |
| Service Cost | 161,704 | - | 161,704 |
| Interest on the Total Pension Liability | 164,755 | - | 164,755 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 103,310 | - | 103,310 |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 133,219 | (133,219) |
| Contributions - Employees | - | 77,154 | (77,154) |
| Net Investment Income | - | 379,194 | (379,194) |
| Benefit Payments, Including Refunds of Employee Contributions | (135,168) | (135,168) | - |
| Other (Net Transfer) | - | (1,955) | 1,955 |
| Net Changes | <u>294,601</u> | <u>452,444</u> | <u>(157,843)</u> |
| Balances at December 31, 2019 | <u>\$ 2,553,818</u> | <u>\$ 2,407,704</u> | <u>\$ 146,114</u> |

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:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--------------------------------------|--------------------------------|--|--------------------------------|
| Net Pension Liability (Asset) | \$ 519,369 | \$ 146,114 | \$ (161,345) |

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

For the year ending June 30, 2020, the Regional Office of Education No. 33 recognized pension expense of \$160,644. At June 30, 2020, the Regional Office of Education No. 33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 250,052 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 169,324 |
| Change of assumptions | 50,699 | 24,212 |
| Employer contributions subsequent to the measurement date | <u>99,590</u> | <u>-</u> |
| Total | <u>\$ 400,341</u> | <u>\$ 193,536</u> |

\$99,590 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Year Ending June 30 | Net Deferred Outflows/(Inflows) of <u>Resources</u> |
|--------------------------------|--|
| 2021 | \$ 22,346 |
| 2022 | 11,770 |
| 2023 | 32,752 |
| 2024 | 2,788 |
| 2025 | 31,311 |
| Thereafter | <u>6,248</u> |
| Total | <u>\$ 107,215</u> |

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.

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits provided

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member’s first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member’s first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

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.

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 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, 2020, 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 \$410,278 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2020, were \$3,917, and are deferred because they were paid after the June 30, 2019 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 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.

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$233,897 were paid from federal and special trust funds that required employer contributions of \$22,384. These contributions are deferred because they were paid after the June 30, 2019 measurement date.

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

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2020, the Regional Office of Education No. 33 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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

At June 30, 2019, the Regional Office of Education No. 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:

| | |
|--|---------------------|
| Employer's proportionate share of the net pension liability | \$ 53,095 |
| State's proportionate share of the net pension liability associated with the employer | 3,778,746 |
| Total | \$ 3,831,841 |

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. The Regional Office of Education No. 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, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the Regional Office of Education No. 33’s proportion was .0000654625 percent, which was a decrease of .0000013256 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Regional Office of Education No. 33 recognized pension expense of \$410,278 and revenue of \$410,278 for support provided by the State. For the year ended June 30, 2020, the Regional Office of Education No. 33 recognized pension income of \$108,180. At June 30, 2020, the Regional Office of Education No. 33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 871 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 84 | - |
| Change of assumptions | 1,190 | 1,019 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 163,039 | 515,787 |
| Employer contributions subsequent to the measurement date | <u>26,301</u> | <u>-</u> |
| Total | <u>\$ 191,485</u> | <u>\$ 516,806</u> |

\$26,301 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ended June 30:

| | |
|------|------------------|
| 2021 | \$ (79,059) |
| 2022 | (121,078) |
| 2023 | (105,106) |
| 2024 | (46,318) |
| 2025 | <u>(61)</u> |
| | <u>(351,622)</u> |

Actuarial assumptions

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

| | |
|----------------------------------|---|
| Inflation | 2.50 percent |
| Salary Increase | varies by amount of service credit |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

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

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|--|
| U.S. equities large cap | 15.0% | 6.3% |
| U.S. equities small/mid cap | 2.0% | 7.7% |
| International equities developed | 13.6% | 7.0% |
| Emerging market equities | 3.4% | 9.5% |
| U.S. bonds core | 8.0% | 2.2% |
| U.S. bonds high yield | 4.2% | 4.0% |
| International debt developed | 2.2% | 1.1% |
| Emerging international debt | 2.6% | 4.4% |
| Real estate | 16.0% | 5.2% |
| Real return | 4.0% | 1.8% |
| Absolute return | 14.0% | 4.1% |
| Private equity | 15.0% | 9.7% |
| Total | 100.0% | |

Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1’s liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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.

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Regional Office of Education No. 33's proportionate share of the net pension liability | \$ 64,851 | \$ 53,095 | \$ 43,430 |

TRS fiduciary net position

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

NOTE 6 – 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).

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

Benefits Provided

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

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

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 33. For the year ended June 30, 2020, 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 \$33,794 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, 2020, and 0.92 and 0.88 percent during the years ended June 30, 2019 and 2018, respectively. For the year ended June 30, 2020, the Regional Office of Education No. 33 paid \$6,455 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2019 and 2018, the Regional Office of Education No. 33 paid \$4,698 and \$3,995 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, 2018 projected to the measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

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 3.13 percent as of June 30, 2019, and 3.62 percent as of June 30, 2018.

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

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 (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------------|----------------------------------|--------------------|
| | (2.13%) | (3.13%) | (4.13%) |
| ROE’s proportionate share of the collective net OPEB liability | \$ 685,201 | \$ 569,860 | \$ 478,799 |

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, 2019, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

| | 1% Decrease a | Healthcare Cost Trend Rates | 1% Increase b |
|---|----------------------|--|----------------------|
| ROE’s proportionate share of the collective net OPEB liability | \$ 460,416 | \$ 569,860 | \$ 717,723 |

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

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

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

At June 30, 2020, the Regional Office of Education No. 33 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 33. The amount recognized by the Regional Office of Education No. 33 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 33 were as follows:

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

| | |
|--|-----------------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 569,860 |
| State's proportionate share of the collective net OPEB liability associated with the employer | <u>771,719</u> |
| Total | <u><u>\$ 1,341,579</u></u> |

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and was rolled forward to the June 30, 2019 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, 2019, the Regional Office of Education No. 33’s proportion was 0.002059 percent, which was an increase of 0.000247 from its proportion measured as of June 30, 2018. The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2020, the Regional Office of Education No. 33 recognized OPEB expense of \$33,794 and revenue of \$33,794 for support provided by the State. For the year ending June 30, 2020, the Regional Office of Education No. 33 recognized OPEB expense of \$45,834. At June 30, 2020, 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 | \$ - | \$ 9,456 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 19 |
| Change of assumptions | 216 | 65,325 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 119,297 | 178 |
| Employer contributions subsequent to the measurement date | <u>6,455</u> | <u>-</u> |
| Total | <u><u>\$ 125,968</u></u> | <u><u>\$ 74,978</u></u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

\$6,455 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 33’s OPEB expense as follows:

| Year Ending June 30 | Net Deferred Outflows/(Inflows) of Resources |
|------------------------------------|---|
| 2021 | \$ 5,084 |
| 2022 | 5,084 |
| 2023 | 5,085 |
| 2024 | 5,088 |
| 2025 | 6,205 |
| Thereafter | <u>17,989</u> |
| Total | <u>\$ 44,535</u> |

THIS Fiduciary Net Position

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

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)

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

Tier II IMRF Full-Time employees:

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

Full-Time Employees - TRS

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

Benefits Provided

The Regional Office of Education No. 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, 2020 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 | <hr style="border: 0.5px solid black;"/> 54 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

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 \$5,188 from other Regional Office of Education No. 33 resources and benefit payments of \$5,188 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, 2020 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial Assumptions

| | |
|--|---|
| Discount Rate used for the Total OPEB Liability | 2.21% |
| Long-Term Expected Rate of Return on Plan Assets | N/A. OPEB obligation is unfunded |
| Long-Term Inflation Expectation | 2.25% |
| High Quality 20 Year Tax-Exempt G.O. Bond Rate | 2.21% |
| Salary Increases | The salary increase assumption of 2.50% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and 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. |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

| | |
|------------------------|--|
| Healthcare Trend Rates | Initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2020, trend starts at 6.87% (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.

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 June 30, 2020 measurement date:

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

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|---------------------------------|
| Balance at July 1, 2019 | \$ 199,758 |
| Changes for the period: | |
| Service Cost | 13,840 |
| Interest Cost | 6,900 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | 26,441 |
| Benefit Payments | (5,188) |
| Net Change | 41,993 |
| Balance at June 30, 2020 | \$ 241,751 |

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.

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020**

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

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of the year rate is the June 27, 2019 rate, and the end of year rate is the June 30, 2020 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody’s Aa2 and Standard & Poor’s AA.

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

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

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

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 2.21%, as well as what the ROE’s total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------------------|--------------------|------------------------------|--------------------|
| | (1.21%) | (2.21%) | (3.21%) |
| ROE’s total OPEB liability | \$ 266,349 | \$ 241,751 | \$ 220,782 |

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 2020 decreasing to an ultimate trend rate of 5.00% in 2029.

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|-----------------------------------|--------------------|------------------------------------|--------------------|
| | (Varies) | (Varies) | (Varies) |
| ROE’s total OPEB liability | \$ 212,759 | \$ 241,751 | \$ 276,211 |

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2020, the Regional Office of Education No. 33 recognized OPEB expense of \$191,479. At June 30, 2020 the Regional Office of Education No. 33 reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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.

NOTE 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|---------------------|-----------------------------|---------------------------|
| Governmental Funds: | | |
| General Fund | \$ 314,205 | \$ 29,917 |
| Education Fund | - | 284,288 |
| | <u>\$ 314,205</u> | <u>\$ 314,205</u> |

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, 2020 consist of the following transfers:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------------|--------------------|---------------------|
| General Fund: | | |
| General Operations | \$ - | \$ 1,325 |
| Education Fund: | | |
| Early Childhood Grant (3705-RX) | 1,133 | - |
| Early Childhood Grant (3705-1R) | 192 | - |
| | <u>\$ 1,325</u> | <u>\$ 1,325</u> |

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 – OPERATING LEASES

The Regional Office of Education No. 33 leases classroom and office space from various parties. During 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, 2017, and ended 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, 2019 to June 30, 2020.

Total lease expense for the year ended June 30, 2020 was \$53,220. Future minimum lease payments are as follows for the years ending June 30:

| | | |
|------|-----------|---------------|
| 2021 | \$ | 4,200 |
| 2022 | | 4,200 |
| 2023 | | 4,200 |
| 2024 | | 700 |
| | <u>\$</u> | <u>13,300</u> |

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’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, 2020:

| | <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2020</u> |
|--------------------------------------|----------------------|------------------|------------------|----------------------|
| Governmental Activities: | | | | |
| Furniture and Equipment | <u>\$ 284,261</u> | <u>\$ 79,348</u> | <u>\$ -</u> | <u>\$ 363,609</u> |
| Governmental Activities Total Assets | 284,261 | 79,348 | - | 363,609 |
| Less Accumulated Depreciation | <u>77,616</u> | <u>44,765</u> | <u>-</u> | <u>122,381</u> |
| Governmental Activities: | | | | |
| Investment in Capital Assets, Net | <u>\$ 206,645</u> | <u>\$ 34,583</u> | <u>\$ -</u> | <u>\$ 241,228</u> |

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 – CAPITAL ASSET ACTIVITY (Concluded)

| | <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|------------------|------------------|----------------------|
| Business-type Activities: | | | | |
| Furniture and Equipment | \$ 899 | \$ - | \$ - | \$ 899 |
| Business-type Activities Total Assets | 899 | - | - | 899 |
| Less Accumulated Depreciation | <u>449</u> | <u>180</u> | <u>-</u> | <u>629</u> |
| Business-type Activities: | | | | |
| Investment in Capital Assets, Net | <u>\$ 450</u> | <u>\$ (180)</u> | <u>\$ -</u> | <u>\$ 270</u> |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2020 of \$44,765 and \$180 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 | \$ 114,648 |
| Assistant Regional Superintendent Salary | 103,188 |
| Regional Superintendent Benefits (includes State-paid insurance) | 36,602 |
| Assistant Regional Superintendent Benefits (includes State-paid insurance) | <u>32,234</u> |
| Total on-behalf payments | <u>\$ 286,672</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.

Regional Office of Education No. 33 also recorded \$444,072 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 Superintendent.

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 – ON-BEHALF PAYMENTS (Concluded)

| | |
|--|--------------------------|
| State of Illinois on-behalf payments | \$ 286,672 |
| ROE No. 33's share of TRS pension expense | 410,278 |
| ROE No. 33's share of THIS pension expense | <u>33,794</u> |
| | <u><u>\$ 730,744</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 | \$ 137,380 |
|-------------------|------------|

Education Fund

| | |
|-------------------|---------|
| Local Governments | 366,888 |
|-------------------|---------|

| | |
|-----------------------------------|---------|
| Illinois State Board of Education | 254,794 |
|-----------------------------------|---------|

Proprietary Funds

| | |
|-------------------|--------|
| Local Governments | 18,750 |
|-------------------|--------|

Fiduciary Funds

| | |
|-------------------|-----------|
| Local Governments | 1,428,988 |
|-------------------|-----------|

| | |
|-----------------------------------|----------------|
| Illinois State Board of Education | <u>149,515</u> |
|-----------------------------------|----------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,356,315</u></u> |
|--|----------------------------|

Due to Other Governments:

Education Fund

| | |
|-------------------|--------------|
| Local Governments | \$ 1,010,850 |
|-------------------|--------------|

Proprietary Funds

| | |
|-------------------|----|
| Local Governments | 28 |
|-------------------|----|

Fiduciary Funds

| | |
|-------------------|------------------|
| Local Governments | <u>1,750,044</u> |
|-------------------|------------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,760,922</u></u> |
|--|----------------------------|

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

| <u>Education Fund</u> | <u>Amount</u> |
|--|---------------|
| Federal Adult Education - Basic | \$ (144,040) |
| Federal Adult Education - EL Civics | (41,897) |
| Performance Evaluation Advisory Council (PEAC) | (26,261) |
| Workforce Innovation and Opportunity Act (WIOA) | (3,299) |
| Elementary and Secondary School Emergency Relief Grant | (1,394) |

NOTE 15 – RECLASSIFICATIONS

The Regional Office of Education No. 33 reclassified the Criminal Background Investigation activity from the general fund into an enterprise fund. Additionally, the Regional Office of Education No. 33 reclassified the opening fund balance for the Adult Education and Family Literacy – Public Assistance balance to the Adult Education and Family Literacy – EL Civics fund. The changes are as follows:

| | <u>Governmental Funds</u> | | | <u>Enterprise Funds</u> |
|---|------------------------------|--|--|---|
| | <u>General Fund</u> | <u>Education Fund</u> | <u>Education Fund</u> | <u>Nonmajor</u> |
| | | Adult Education and Family Literacy - Public Assistance | Adult Education and Family Literacy - EL Civics | Criminal Background Investigation |
| Fund Balance (Deficit), June 30, 2019, as previously reported | \$ 38,531 | \$ (28,135) | \$ - | \$ - |
| Effect of reclassification on opening fund balance (deficit) | (38,531) | 28,135 | (28,135) | 38,531 |
| Fund Balance (Deficit), July 1, 2019, as reclassified | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (28,135)</u> | <u>\$ 38,531</u> |
| | <u>Governmental</u> | <u>Business-type</u> | | |
| | <u>Activities Net</u> | <u>Activities Net</u> | | |
| | <u>Position</u> | <u>Position</u> | | |
| Net Position, June 30, 2019, as previously reported | \$ 1,650,085 | \$ 366,830 | | |
| Effect of reclassification on opening net position | (38,531) | 38,531 | | |
| Net Position, July 1, 2019, as reclassified | <u>\$ 1,611,554</u> | <u>\$ 405,361</u> | | |

NOTE 16 – IMPACT OF COVID-19 PANDEMIC

As a result of the COVID-19 pandemic, economic uncertainties have arisen which may negatively impact the operations and financial condition of the Regional Office of Education No. 33. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

The Regional Office of Education No. 33 continued to function efficiently while the staff were sheltered at home due to the pandemic from March 2020 until June 2020. The Regional Office of Education No. 33 is no longer working remotely and is at full capacity at all its physical locations.

If the pandemic continues for longer than anticipated, it is possible that their revenue stream for the Fiscal Year 2021 could be negatively impacted. However, the Regional Office of Education No. 33 management has no such expectation at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

| Calendar Year Ended December 31, Total Pension Liability | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service Cost | \$ 161,704 | \$ 114,778 | \$ 64,823 | \$ 57,785 | \$ 46,790 | \$ 50,889 |
| Interest on the Total Pension Liability | 164,755 | 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 | 103,310 | 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 | (135,168) | (50,310) | (43,443) | (45,349) | (22,432) | (18,385) |
| Net Change in Total Pension Liability | 294,601 | 419,984 | 217,253 | 154,388 | 187,736 | 86,336 |
| Total Pension Liability - Beginning | 2,259,217 | 1,839,233 | 1,621,980 | 1,467,592 | 1,279,856 | 1,193,520 |
| Total Pension Liability - Ending (A) | \$ 2,553,818 | \$ 2,259,217 | \$ 1,839,233 | \$ 1,621,980 | \$ 1,467,592 | \$ 1,279,856 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 133,219 | \$ 151,126 | \$ 113,522 | \$ 58,601 | \$ 51,500 | \$ 46,073 |
| Contributions - Employees | 77,154 | 62,334 | 48,057 | 25,702 | 21,967 | 17,858 |
| Net Investment Income | 379,194 | 46,209 | 221,779 | 69,356 | (22,368) | 2,624 |
| Benefit Payments, including Refunds of Employee Contributions | (135,168) | (50,310) | (43,443) | (45,349) | (22,432) | (20,936) |
| Other (Net Transfer) | (1,955) | 826 | (1,199) | (1,552) | 3,147 | (35) |
| Net Change in Plan Fiduciary Net Position | 452,444 | 210,185 | 338,716 | 106,758 | 31,814 | 45,584 |
| Plan Fiduciary Net Position - Beginning | 1,955,260 | 1,745,075 | 1,406,359 | 1,299,601 | 1,267,787 | 1,222,203 |
| Plan Fiduciary Net Position - Ending (B) | \$ 2,407,704 | \$ 1,955,260 | \$ 1,745,075 | \$ 1,406,359 | \$ 1,299,601 | \$ 1,267,787 |
| Net Pension Liability - Ending (A) - (B) | \$ 146,114 | \$ 303,957 | \$ 94,158 | \$ 215,621 | \$ 167,991 | \$ 12,069 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 94.28% | 86.55% | 94.88% | 86.71% | 88.55% | 99.06% |
| Covered Payroll | \$ 1,714,534 | \$ 1,385,203 | \$ 1,067,943 | \$ 571,160 | \$ 488,152 | \$ 406,149 |
| Net Pension Liability as a Percentage of Covered Payroll | 8.52% | 21.94% | 8.82% | 37.75% | 34.41% | 2.97% |
| Notes to Schedule: | | | | | | |

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION #33
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 LAST SIX FISCAL YEARS

| Fiscal Year Ended June 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a Percentage of Covered Payroll |
|-------------------------------------|---|------------------------|--|--------------------|--|
| 2020 | \$ 170,535 | \$ 170,535 | \$ - | \$ 2,225,186 | 7.66% |
| 2019 | 146,278 | 146,278 | - | 1,571,440 | 9.31% |
| 2018 | 126,866 | 126,866 | - | 1,177,266 | 10.78% |
| 2017 | 77,062 | 84,347 | (7,285) | 803,856 | 10.49% |
| 2016 | 47,332 | 54,012 | (6,680) | 519,476 | 10.40% |
| 2015 | 47,348 | 48,051 | (703) | 440,508 | 10.91% |

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2019 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

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

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

**HENDERSON/KNOX/MERCER/WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #33
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE SIX YEARS ENDED JUNE 30, 2020
(UNAUDITED)**

| | FY19* | FY18* | FY17* | FY16* | FY15* | FY14* |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Employer's proportion of the net pension liability | 0.0000654625% | 0.0000667881% | 0.0008237739% | 0.0010516667% | 0.0006423704% | 0.0009430612% |
| Employer's proportionate share of the net pension liability | \$ 53,095 | \$ 52,058 | \$ 629,348 | \$ 830,144 | \$ 420,817 | \$ 573,930 |
| State's proportionate share of the net pension liability associated with the employer | \$ 3,778,746 | \$ 3,566,180 | \$ 2,555,161 | \$ 2,784,243 | \$ 2,012,052 | \$ 2,567,901 |
| Total | \$ 3,831,841 | \$ 3,618,238 | \$ 3,184,509 | \$ 3,614,387 | \$ 2,432,869 | \$ 3,141,831 |
| Employer's covered payroll | \$ 510,641 | \$ 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 | 10.4% | 11.5% | 165.2% | 239.4% | 112.6% | 124.4% |
| Plan fiduciary net position as a percentage of the total pension liability | 39.6% | 40.0% | 39.3% | 36.4% | 41.5% | 43.0% |

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE SEVEN YEARS ENDED JUNE 30, 2020
(UNAUDITED)**

| | FY20 | FY19 | FY18 | FY17 | FY16 | FY15 | FY14 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Statutorily-required contribution | \$ 29,002 | \$ 2,962 | \$ 16,437 | \$ 36,327 | \$ 40,483 | \$ 20,997 | \$ 35,724 |
| Contributions in relation to the statutorily-required contribution | 26,301 | 2,962 | 25,834 | 36,651 | 38,373 | 20,902 | 35,201 |
| Contribution deficiency (excess) | \$ 2,701 | \$ - | \$ (9,397) | \$ (324) | \$ 2,110 | \$ 95 | \$ 523 |
| Employer's covered payroll | \$ 701,574 | \$ 510,641 | \$ 453,953 | \$ 381,019 | \$ 346,828 | \$ 373,595 | \$ 461,262 |
| Contributions as a percentage of covered payroll | 3.75% | 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 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #33
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
FOR THE FOUR YEARS ENDED JUNE 30, 2020
(UNAUDITED)

| | FY19* | FY18* | FY17* | FY16* |
|--|---------------------|---------------------|---------------------|-------------------|
| Employer's proportion of the collective net OPEB liability | .002059% | .001812% | .001720% | .001513% |
| Employer's proportionate share of the collective net OPEB liability | \$ 569,860 | \$ 477,294 | \$ 446,202 | \$ 413,672 |
| State's proportionate share of the collective net OPEB liability associated with the employer | 771,719 | 640,852 | 586,021 | 573,644 |
| Total | \$ 1,341,579 | \$ 1,118,146 | \$ 1,032,223 | \$ 987,316 |
| Employer's covered payroll | \$ 510,641 | \$ 453,953 | \$ 381,019 | \$ 346,828 |
| Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 111.60% | 105.14% | 117.11% | 119.27% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.25% | -0.07% | -0.17% | -0.22% |

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
FOR THE FIVE YEARS ENDED JUNE 30, 2020
(UNAUDITED)

| | FY20 | FY19 | FY18 | FY17 | FY16 |
|--|------------|------------|------------|------------|------------|
| Statutorily-required contribution | \$ 6,455 | \$ 4,698 | \$ 3,995 | \$ 3,201 | \$ 2,775 |
| Contributions in relation to the statutorily-required contribution | 6,455 | 4,698 | 3,995 | 3,201 | 2,775 |
| Contribution deficiency (excess) | - | - | - | - | - |
| Employer's covered payroll | \$ 701,574 | \$ 510,641 | \$ 453,953 | \$ 381,019 | \$ 346,828 |
| Contributions as a percentage of covered payroll | 0.92% | 0.92% | 0.88% | 0.84% | 0.80% |

Notes to Schedule

Changes of assumptions

For the 2019, 2018, and 2017 measurement years, the assumed investment rate of return was 0 percent, including an inflation rate of 2.50 percent for 2019 and 2.75 percent for 2018 and 2017. Salary increases were assumed to vary by service credit and were the same for the 2019, 2018, and 2017 measurement years. For fiscal years 2019, 2018 and 2017, the trend rate 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 is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Changes of Benefit Terms

In the June 30, 2019 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/WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION #33
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN
FOR THE THREE YEARS ENDED JUNE 30, 2020
(UNAUDITED)**

| | FY20 | FY19 | FY18 |
|---|-------------------|-------------------|------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 13,840 | \$ 12,938 | \$ 4,389 |
| Interest Cost | 6,900 | 6,800 | 1,169 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | - | 6,079 | - |
| Changes of Assumptions | 26,441 | 144,806 | - |
| Benefit Payments | (5,188) | (4,875) | - |
| Net Change in Total OPEB Liability | 41,993 | 165,748 | 5,558 |
| Total OPEB Liability - Beginning | 199,758 | 34,010 | 28,452 |
| Total OPEB Liability - Ending | <u>\$ 241,751</u> | <u>\$ 199,758</u> | <u>\$ 34,010</u> |
| Covered Payroll | \$ 2,721,370 | \$ 2,654,995 | \$ 907,852 |
| Total OPEB Liability as a Percentage of Covered Payroll | 8.88% | 7.52% | 3.75% |

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2020 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 year ended June 30, 2020:

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

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

- 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, 2020

| | General Operations | General State Aid | Even Start Local | High Roads Youth Programs | Local Galesburg Community Foundation |
|---|--------------------|---------------------|------------------|---------------------------|--------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 204,656 | \$ 1,695,491 | \$ 27,076 | \$ - | \$ 254 |
| Due from other funds | - | 314,205 | - | - | - |
| Due from other governments | 80,459 | - | - | 56,921 | - |
| Total Assets | 285,115 | 2,009,696 | 27,076 | 56,921 | 254 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 285,115 | \$ 2,009,696 | \$ 27,076 | \$ 56,921 | \$ 254 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 299 | \$ 4,175 | \$ 10,330 | \$ 6 | \$ - |
| Accrued expenses | 2,969 | 9,796 | 4,822 | 7,834 | - |
| Due to other funds | - | - | - | 29,917 | - |
| Total Liabilities | 3,268 | 13,971 | 15,152 | 37,757 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 20,720 | - | - | 17,633 | - |
| FUND BALANCE | | | | | |
| Assigned | - | - | 11,924 | 1,531 | 254 |
| Unassigned | 261,127 | 1,995,725 | - | - | - |
| Total Fund Balance | 261,127 | 1,995,725 | 11,924 | 1,531 | 254 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 285,115 | \$ 2,009,696 | \$ 27,076 | \$ 56,921 | \$ 254 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2020**

| | American College Test (ACT) Class | Criminal Background Investigation | Testing Center | TOTALS |
|---|---|---|-------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 11,240 | \$ - | \$ 8,925 | \$ 1,947,642 |
| Due from other funds | - | - | - | 314,205 |
| Due from other governments | - | - | - | 137,380 |
| Total Assets | 11,240 | - | 8,925 | 2,399,227 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 11,240 | \$ - | \$ 8,925 | \$ 2,399,227 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 14,810 |
| Accrued expenses | - | - | - | 25,421 |
| Due to other funds | - | - | - | 29,917 |
| Total Liabilities | - | - | - | 70,148 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | 38,353 |
| FUND BALANCE | | | | |
| Assigned | 11,240 | - | 8,925 | 33,874 |
| Unassigned | - | - | - | 2,256,852 |
| Total Fund Balance | 11,240 | - | 8,925 | 2,290,726 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 11,240 | \$ - | \$ 8,925 | \$ 2,399,227 |

**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, 2020**

| | General Operations | General State Aid | Even Start Local | High Roads Youth Programs | Local Galesburg Community Foundation |
|--|-----------------------|----------------------|---------------------|---------------------------------|--|
| REVENUES | | | | | |
| Local sources | \$ 211,315 | \$ 53,166 | \$ - | \$ 149,846 | \$ - |
| State sources | - | 701,148 | 157,555 | - | - |
| On-behalf payments - State | 286,672 | - | - | - | - |
| Investment earnings | 6,865 | - | - | - | - |
| Total Revenues | 504,852 | 754,314 | 157,555 | 149,846 | - |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | 125,899 | 485,167 | 98,943 | 100,387 | - |
| Pension expense | 7,080 | 19,507 | 4,456 | 3,372 | - |
| OPEB expense | 422 | 1,578 | 10 | - | - |
| Purchased services | 73,036 | 26,598 | 43,331 | 40,575 | 150 |
| Supplies and materials | 7,620 | 6,493 | 34,909 | 17,260 | - |
| Other objects | 11 | - | - | - | - |
| Administrative: | | | | | |
| On-behalf payments - State | 286,672 | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | - | - | - | 1,578 | - |
| Capital outlay | 4,505 | - | - | - | - |
| Total Expenditures | 505,245 | 539,343 | 181,649 | 163,172 | 150 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (393) | 214,971 | (24,094) | (13,326) | (150) |
| OTHER FINANCING USES: | | | | | |
| Transfers out | (1,325) | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (1,718) | 214,971 | (24,094) | (13,326) | (150) |
| FUND BALANCE - BEGINNING | 262,845 | 1,780,754 | 36,018 | 14,857 | 404 |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - |
| FUND BALANCE - ENDING | \$ 261,127 | \$ 1,995,725 | \$ 11,924 | \$ 1,531 | \$ 254 |

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, 2020

| | American College Test (ACT) Class | Criminal Background Investigation | Testing Center | TOTALS |
|--|---|---|-------------------|------------------|
| REVENUES | | | | |
| Local sources | \$ 500 | \$ - | \$ 846 | \$ 415,673 |
| State sources | - | - | - | 858,703 |
| On-behalf payments - State | - | - | - | 286,672 |
| Investment earnings | - | - | - | 6,865 |
| Total Revenues | 500 | - | 846 | 1,567,913 |
| EXPENDITURES | | | | |
| Instructional services: | | | | |
| Salaries and benefits | - | - | - | 810,396 |
| Pension expense | - | - | - | 34,415 |
| OPEB expense | - | - | - | 2,010 |
| Purchased services | 120 | - | - | 183,810 |
| Supplies and materials | 298 | - | - | 66,580 |
| Other objects | - | - | - | 11 |
| Administrative: | | | | |
| On-behalf payments - State | - | - | - | 286,672 |
| Intergovernmental: | | | | |
| Payments to other governments | - | - | - | 1,578 |
| Capital outlay | - | - | - | 4,505 |
| Total Expenditures | 418 | - | - | 1,389,977 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | 82 | - | 846 | 177,936 |
| OTHER FINANCING USES: | | | | |
| Transfers out | - | - | - | (1,325) |
| NET CHANGE IN FUND BALANCE | | | | |
| | 82 | - | 846 | 176,611 |
| FUND BALANCE - BEGINNING | | | | |
| | 11,158 | 38,531 | 8,079 | 2,152,646 |
| RECLASSIFICATION (NOTE 15) | | | | |
| | - | (38,531) | - | (38,531) |
| FUND BALANCE - ENDING | | | | |
| | \$ 11,240 | \$ - | \$ 8,925 | \$ 2,290,726 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2020**

| | McKinney Education for Homeless Children | Title II - Teacher Leadership | Title II - Teacher Quality | Regional Safe Schools | Regional Safe Schools Cooperative |
|---|--|----------------------------------|-------------------------------|--------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | 171 | \$ 10,607 | \$ 236,369 |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | 6,115 | 711 | - | - | 2,421 |
| Prepaid expenses | - | - | - | - | - |
| Total Assets | 6,115 | 711 | 171 | 10,607 | 238,790 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 6,115 | \$ 711 | \$ 171 | \$ 10,607 | \$ 238,790 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | - | \$ - | \$ - |
| Accrued expenses | 369 | - | - | 5,965 | - |
| Due to other funds | 5,252 | 315 | - | - | - |
| Due to other governments | - | - | - | - | - |
| Unearned revenue | 493 | - | - | 2,263 | 238,790 |
| Total Liabilities | 6,114 | 315 | - | 8,228 | 238,790 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 1 | 396 | 171 | 2,379 | - |
| Unassigned | - | - | - | - | - |
| Total Fund Balance (Deficit) | 1 | 396 | 171 | 2,379 | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | \$ 6,115 | \$ 711 | \$ 171 | \$ 10,607 | \$ 238,790 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2020**

| | ROE/ISC Operations | Title I - Foundational Services | Truants Alternative Education | State Free Lunch and Breakfast | National School Lunch Program |
|---|-----------------------|---------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 7,110 | \$ 2,085 | \$ 958 | \$ 214 | \$ 491 |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | - | - | 6,331 | 206 | - |
| Prepaid expenses | - | - | - | - | - |
| Total Assets | 7,110 | 2,085 | 7,289 | 420 | 491 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 7,110 | \$ 2,085 | \$ 7,289 | \$ 420 | \$ 491 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,954 | - | \$ 1,000 | - | - |
| Accrued expenses | 1,871 | - | 6,289 | - | - |
| Due to other funds | - | - | - | - | - |
| Due to other governments | - | - | - | - | - |
| Unearned revenue | 3,285 | 2,085 | - | - | - |
| Total Liabilities | 7,110 | 2,085 | 7,289 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | 420 | 491 |
| Unassigned | - | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | 420 | 491 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | \$ 7,110 | \$ 2,085 | \$ 7,289 | \$ 420 | \$ 491 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2020**

| | School Breakfast Program | Early Childhood Grant (3705-RX) | Early Childhood Grant (3705-1R) | Early Childhood Grant (3705-00) | Early Childhood Block Grant (3705-01) |
|---|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 6,795 | \$ - | \$ - | \$ 548,179 | \$ 144,042 |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | - | - | - | 142,825 | - |
| Prepaid expenses | - | - | - | 350 | 1,200 |
| Total Assets | 6,795 | - | - | 691,354 | 145,242 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 6,795 | \$ - | \$ - | \$ 691,354 | \$ 145,242 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 6,348 | \$ 25,770 |
| Accrued expenses | - | - | - | 23,564 | 60,775 |
| Due to other funds | - | - | - | - | - |
| Due to other governments | - | - | - | 657,220 | - |
| Unearned revenue | - | - | - | - | 58,071 |
| Total Liabilities | - | - | - | 687,132 | 144,616 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | | | | | |
| Nonspendable | - | - | - | 350 | 1,200 |
| Restricted | 6,795 | - | - | 3,872 | - |
| Unassigned | - | - | - | - | (574) |
| Total Fund Balance (Deficit) | 6,795 | - | - | 4,222 | 626 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | \$ 6,795 | \$ - | \$ - | \$ 691,354 | \$ 145,242 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2020**

| | 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 |
|---|------------------------------------|---|---|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 290,669 | \$ 1,899 | \$ - | \$ - | \$ - |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | 77,613 | 12,858 | 34,641 | 69,492 | 38,575 |
| Prepaid expenses | - | - | - | - | - |
| Total Assets | 368,282 | 14,757 | 34,641 | 69,492 | 38,575 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 368,282 | \$ 14,757 | \$ 34,641 | \$ 69,492 | \$ 38,575 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 5,969 | \$ 1,000 | \$ 307 | \$ 401 | \$ 1,050 |
| Accrued expenses | 29,013 | 8,061 | 15,240 | 25,619 | 11,626 |
| Due to other funds | - | - | 19,094 | 23,142 | 25,899 |
| Due to other governments | 333,300 | - | - | 20,330 | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 368,282 | 9,061 | 34,641 | 69,492 | 38,575 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | 5,696 | - | - | - |
| Unassigned | - | - | - | - | - |
| Total Fund Balance (Deficit) | - | 5,696 | - | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | \$ 368,282 | \$ 14,757 | \$ 34,641 | \$ 69,492 | \$ 38,575 |

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2020

| | 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 | Federal Adult Education - EL Civics |
|---|---|---|---|---------------------------------|-------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 1,672 | \$ - | \$ - |
| Accounts receivable | - | - | - | - | - |
| Due from other governments | 9,792 | - | - | 151,858 | 40,589 |
| Prepaid expenses | - | - | - | - | - |
| Total Assets | 9,792 | - | 1,672 | 151,858 | 40,589 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| None | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| | \$ 9,792 | \$ - | \$ 1,672 | \$ 151,858 | \$ 40,589 |
| LIABILITIES | | | | | |
| Accounts payable | 7 | \$ - | \$ - | \$ - | \$ 3 |
| Accrued expenses | 721 | - | - | 15,500 | 457 |
| Due to other funds | 8,060 | - | - | 128,540 | 41,437 |
| Due to other governments | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 8,788 | - | - | 144,040 | 41,897 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | 151,858 | 40,589 |
| FUND BALANCE (DEFICIT) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 1,004 | - | 1,672 | - | - |
| Unassigned | - | - | - | (144,040) | (41,897) |
| Total Fund Balance (Deficit) | 1,004 | - | 1,672 | (144,040) | (41,897) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | | | | | |
| | \$ 9,792 | \$ - | \$ 1,672 | \$ 151,858 | \$ 40,589 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2020**

| | Performance Evaluation Advisory Council (PEAC) | Knox County Mental Health Board | AdvancED | Workforce Innovation and Opportunity Act (WIOA) | Elementary and Secondary School Emergency Relief Grant | TOTALS |
|---|---|---------------------------------------|-------------|--|--|---------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ 51,459 | \$ - | \$ - | \$ - | \$ 1,302,720 |
| Accounts receivable | - | - | - | 8,000 | - | 8,000 |
| Due from other governments | 26,261 | - | - | - | 1,394 | 621,682 |
| Prepaid expenses | - | - | - | - | - | 1,550 |
| Total Assets | 26,261 | 51,459 | - | 8,000 | 1,394 | 1,933,952 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| None | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 26,261</u> | <u>\$ 51,459</u> | <u>\$ -</u> | <u>\$ 8,000</u> | <u>\$ 1,394</u> | <u>\$ 1,933,952</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ 18,594 | \$ - | \$ - | \$ 1,394 | \$ 63,797 |
| Accrued expenses | - | 561 | - | 1,712 | - | 207,343 |
| Due to other funds | 26,261 | - | - | 6,288 | - | 284,288 |
| Due to other governments | - | - | - | - | - | 1,010,850 |
| Unearned revenue | - | 32,304 | - | - | - | 337,291 |
| Total Liabilities | 26,261 | 51,459 | - | 8,000 | 1,394 | 1,903,569 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 26,261 | - | - | 3,299 | 1,394 | 223,401 |
| FUND BALANCE (DEFICIT) | | | | | | |
| Nonspendable | - | - | - | - | - | 1,550 |
| Restricted | - | - | - | - | - | 22,897 |
| Unassigned | (26,261) | - | - | (3,299) | (1,394) | (217,465) |
| Total Fund Balance (Deficit) | (26,261) | - | - | (3,299) | (1,394) | (193,018) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT) | <u>\$ 26,261</u> | <u>\$ 51,459</u> | <u>\$ -</u> | <u>\$ 8,000</u> | <u>\$ 1,394</u> | <u>\$ 1,933,952</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, 2020**

| | McKinney Education for Homeless Children | Title II - Teacher Leadership | Title II - Teacher Quality | Regional Safe Schools | Regional Safe Schools Cooperative |
|--|--|----------------------------------|-------------------------------|--------------------------|---|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | 60,351 | 37,849 |
| Federal sources | 14,174 | 1,086 | - | - | - |
| Total Revenues | 14,174 | 1,086 | - | 60,351 | 37,849 |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | 8,686 | - | - | 55,301 | 31,562 |
| Pension expense | 545 | - | - | 4,037 | 296 |
| OPEB expense | - | - | - | - | - |
| Purchased services | 4,135 | 1,086 | - | 935 | 3,862 |
| Supplies and materials | 796 | - | - | - | 2,129 |
| Other objects | - | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total Expenditures | 14,162 | 1,086 | - | 60,273 | 37,849 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 12 | - | - | 78 | - |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 12 | - | - | 78 | - |
| FUND BALANCE (DEFICIT) - BEGINNING | (11) | 396 | 171 | 2,301 | - |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - ENDING | \$ 1 | \$ 396 | \$ 171 | \$ 2,379 | \$ - |

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, 2020

| | ROE/ISC Operations | Title I - Foundational Services | Truants Alternative Education | State Free Lunch and Breakfast | National School Lunch Program |
|--|--------------------|---------------------------------|-------------------------------|--------------------------------|-------------------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | - | \$ - | - |
| State sources | 107,134 | - | 141,331 | 614 | - |
| Federal sources | - | - | - | - | 15,606 |
| Total Revenues | 107,134 | - | 141,331 | 614 | 15,606 |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | 67,916 | - | 122,433 | - | - |
| Pension expense | 1,501 | - | 7,084 | - | - |
| OPEB expense | 359 | - | 129 | - | - |
| Purchased services | 10,219 | - | 8,381 | - | 17,256 |
| Supplies and materials | 7,139 | - | 3,304 | - | 1,928 |
| Other objects | - | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | 20,000 | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total Expenditures | 107,134 | - | 141,331 | - | 19,184 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - | 614 | (3,578) |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | 614 | (3,578) |
| FUND BALANCE (DEFICIT) - BEGINNING | - | - | - | (194) | 4,069 |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - ENDING | \$ - | \$ - | \$ - | \$ 420 | \$ 491 |

**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, 2020**

| | School Breakfast Program | Early Childhood Grant (3705-RX) | Early Childhood Grant (3705-1R) | Early Childhood Grant (3705-00) | Early Childhood Block Grant (3705-01) |
|--|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | 30 | - | 3,008,029 | 1,342,415 |
| Federal sources | 9,920 | - | - | - | - |
| Total Revenues | 9,920 | 30 | - | 3,008,029 | 1,342,415 |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | - | 30 | 3 | 280,598 | 918,915 |
| Pension expense | - | - | - | 9,922 | 57,429 |
| OPEB expense | - | - | - | 771 | - |
| Purchased services | 10,309 | 1,133 | 189 | 36,459 | 174,390 |
| Supplies and materials | - | - | - | 28,019 | 164,371 |
| Other objects | - | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | - | - | - | 2,652,260 | - |
| Capital outlay | - | - | - | - | 27,310 |
| Total Expenditures | 10,309 | 1,163 | 192 | 3,008,029 | 1,342,415 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (389) | (1,133) | (192) | - | - |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | 1,133 | 192 | - | - |
| NET CHANGE IN FUND BALANCE | (389) | - | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | 7,184 | - | - | 4,222 | 626 |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - ENDING | \$ 6,795 | \$ - | \$ - | \$ 4,222 | \$ 626 |

**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, 2020**

| | 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 |
|--|------------------------------------|---|---|---|--|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 2,152,934 | - | - | - | 159,596 |
| Federal sources | - | 143,790 | 221,210 | 554,917 | - |
| Total Revenues | 2,152,934 | 143,790 | 221,210 | 554,917 | 159,596 |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | 350,946 | 96,136 | 173,185 | 330,492 | 141,799 |
| Pension expense | 15,037 | 7,954 | 12,874 | 22,323 | 8,614 |
| OPEB expense | 661 | 387 | 489 | 1,059 | 1 |
| Purchased services | 79,730 | 3,932 | 4,961 | 7,585 | 2,377 |
| Supplies and materials | 120,697 | 28,321 | 23,076 | 121,314 | 2,707 |
| Other objects | - | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | 1,538,330 | 7,060 | 6,625 | 72,144 | - |
| Capital outlay | 47,533 | - | - | - | - |
| Total Expenditures | 2,152,934 | 143,790 | 221,210 | 554,917 | 155,498 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - | - | 4,098 |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | - | 4,098 |
| FUND BALANCE (DEFICIT) - BEGINNING | - | 5,696 | - | - | (4,098) |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - ENDING | \$ - | \$ 5,696 | \$ - | \$ - | \$ - |

**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, 2020**

| | 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 | Federal Adult Education - EL Civics |
|--|--|--|--|---------------------------------------|---|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 35,712 | - | - | - | - |
| Federal sources | - | - | - | 66,992 | 22,806 |
| Total Revenues | 35,712 | - | - | 66,992 | 22,806 |
| EXPENDITURES | | | | | |
| Instructional services: | | | | | |
| Salaries and benefits | 26,110 | - | - | 96,062 | 34,363 |
| Pension expense | 1,648 | - | - | 4,990 | 1,931 |
| OPEB expense | - | - | - | 2 | 4 |
| Purchased services | 3,972 | - | - | 1,913 | 270 |
| Supplies and materials | 2,511 | - | - | 14,638 | - |
| Other objects | - | - | - | - | - |
| Intergovernmental: | | | | | |
| Payments to other governments | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total Expenditures | 34,241 | - | - | 117,605 | 36,568 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,471 | - | - | (50,613) | (13,762) |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 1,471 | - | - | (50,613) | (13,762) |
| FUND BALANCE (DEFICIT) - BEGINNING | (467) | (28,135) | 1,672 | (93,427) | - |
| RECLASSIFICATION (NOTE 15) | - | 28,135 | - | - | (28,135) |
| FUND BALANCE (DEFICIT) - ENDING | \$ 1,004 | \$ - | \$ 1,672 | \$ (144,040) | \$ (41,897) |

**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, 2020**

| | Performance Evaluation Advisory Council (PEAC) | Knox County Mental Health Board | AdvanceED | Workforce Innovation and Opportunity Act (WIOA) | Elementary and Secondary School Emergency Relief Grant | TOTALS |
|--|---|---------------------------------------|-----------|--|--|--------------|
| REVENUES | | | | | | |
| Local sources | \$ - | \$ 151,685 | \$ - | \$ 11,701 | \$ - | \$ 163,386 |
| State sources | - | - | - | - | - | 7,045,995 |
| Federal sources | - | - | 6,672 | - | - | 1,057,173 |
| Total Revenues | - | 151,685 | 6,672 | 11,701 | - | 8,266,554 |
| EXPENDITURES | | | | | | |
| Instructional services: | | | | | | |
| Salaries and benefits | - | 71,429 | - | 12,342 | - | 2,818,308 |
| Pension expense | - | 4,515 | - | 722 | - | 161,422 |
| OPEB expense | - | - | - | - | - | 3,862 |
| Purchased services | 26,261 | 28,804 | 6,672 | 1,757 | - | 436,588 |
| Supplies and materials | - | 9,946 | - | 179 | 1,394 | 532,469 |
| Other objects | - | - | - | - | - | - |
| Intergovernmental: | | | | | | |
| Payments to other governments | - | 36,989 | - | - | - | 4,333,408 |
| Capital outlay | - | - | - | - | - | 74,843 |
| Total Expenditures | 26,261 | 151,683 | 6,672 | 15,000 | 1,394 | 8,360,900 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (26,261) | 2 | - | (3,299) | (1,394) | (94,346) |
| OTHER FINANCING SOURCES: | | | | | | |
| Transfers in | - | - | - | - | - | 1,325 |
| NET CHANGE IN FUND BALANCE | (26,261) | 2 | - | (3,299) | (1,394) | (93,021) |
| FUND BALANCE (DEFICIT) - BEGINNING | - | (2) | - | - | - | (99,997) |
| RECLASSIFICATION (NOTE 15) | - | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - ENDING | \$ (26,261) | \$ - | \$ - | \$ (3,299) | \$ (1,394) | \$ (193,018) |

SCHEDULE 5

**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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|-----------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 14,163 | \$ 14,163 | \$ 14,174 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 9,254 | 9,254 | 8,686 |
| Pension expense | - | - | 545 |
| Purchased services | 3,809 | 3,809 | 4,135 |
| Supplies and materials | 1,100 | 1,100 | 796 |
| Total Expenditures | 14,163 | 14,163 | 14,162 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | 12 |
| FUND BALANCE (DEFICIT) - BEGINNING | - | - | (11) |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 1 |

SCHEDULE 6

**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, 2020**

| | Budgeted Amounts | | Actual |
|----------------------------|------------------|----------|----------|
| | Original | Final | Amounts |
| 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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|--------------------|--------------------|------------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 59,909 | \$ 59,909 | \$ 60,351 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 58,878 | 58,878 | 55,301 |
| Pension expense | - | - | 4,037 |
| Purchased services | 1,031 | 1,031 | 935 |
| Total Expenditures | <u>59,909</u> | <u>59,909</u> | <u>60,273</u> |
| NET CHANGE IN FUND BALANCE | - | - | 78 |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>2,301</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,379</u></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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|-----------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 38,035 | \$ 38,035 | \$ 37,849 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 31,292 | 31,292 | 31,562 |
| Pension expense | - | - | 296 |
| Purchased services | 3,164 | 3,164 | 3,862 |
| Supplies and materials | 3,579 | 3,579 | 2,129 |
| Total Expenditures | 38,035 | 38,035 | 37,849 |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | - | - | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ - |

SCHEDULE 9

**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, 2020**

| | Budgeted Amounts | | Actual |
|-------------------------------|------------------|------------|------------|
| | Original | Final | Amounts |
| REVENUE | | | |
| State sources | \$ 110,419 | \$ 110,419 | \$ 107,134 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 84,960 | 70,960 | 67,916 |
| Pension expense | - | - | 1,501 |
| OPEB expense | - | - | 359 |
| Purchased services | 3,959 | 10,959 | 10,219 |
| Supplies and materials | 1,500 | 8,500 | 7,139 |
| Intergovernmental: | | | |
| Payments to other governments | 20,000 | 20,000 | 20,000 |
| Total Expenditures | 110,419 | 110,419 | 107,134 |
| 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
 TRUANTS ALTERNATIVE EDUCATION
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 142,312 | \$ 142,312 | \$ 141,331 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 131,265 | 131,265 | 122,433 |
| Pension expense | - | - | 7,084 |
| OPEB expense | - | - | 129 |
| Purchased services | 8,547 | 8,547 | 8,381 |
| Supplies and materials | 2,500 | 2,500 | 3,304 |
| Total Expenditures | <u>142,312</u> | <u>142,312</u> | <u>141,331</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 (3705-00)
For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 2,046,972 | \$ 2,582,907 | \$ 3,008,029 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 154,702 | 337,851 | 280,598 |
| Pension expense | - | - | 9,922 |
| OPEB expense | - | - | 771 |
| Purchased services | 32,995 | 38,786 | 36,459 |
| Supplies and materials | 13,965 | 13,965 | 28,019 |
| Intergovernmental: | | | |
| Payments to other governments | 1,844,310 | 2,191,305 | 2,652,260 |
| Capital outlay | 1,000 | 1,000 | - |
| Total Expenditures | 2,046,972 | 2,582,907 | 3,008,029 |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | - | - | 4,222 |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 4,222 |

**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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|------------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 979,110 | \$ 1,368,810 | \$ 1,342,415 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 822,130 | 1,020,941 | 918,915 |
| Pension expense | - | - | 57,429 |
| Purchased services | 128,272 | 226,485 | 174,390 |
| Supplies and materials | 27,208 | 101,074 | 164,371 |
| Capital outlay | 1,500 | 20,310 | 27,310 |
| Total Expenditures | <u>979,110</u> | <u>1,368,810</u> | <u>1,342,415</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>626</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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 1,623,314 | \$ 1,658,738 | \$ 2,152,934 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 425,791 | 323,393 | 350,946 |
| Pension expense | - | - | 15,037 |
| OPEB expense | - | - | 661 |
| Purchased services | 63,122 | 72,444 | 79,730 |
| Supplies and materials | 71,540 | 121,540 | 120,697 |
| Intergovernmental: | | | |
| Payments to other governments | 1,040,173 | 1,130,173 | 1,538,330 |
| Capital outlay | 22,688 | 11,188 | 47,533 |
| Total Expenditures | 1,623,314 | 1,658,738 | 2,152,934 |
| 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
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-13)
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 150,000 | \$ 150,000 | \$ 143,790 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 105,066 | 112,466 | 96,136 |
| Pension expense | - | - | 7,954 |
| OPEB expense | - | - | 387 |
| Purchased services | 17,428 | 7,628 | 3,932 |
| Supplies and materials | 12,806 | 22,206 | 28,321 |
| Intergovernmental: | | | |
| Payments to other governments | 14,700 | 7,700 | 7,060 |
| Total Expenditures | 150,000 | 150,000 | 143,790 |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | - | - | 5,696 |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 5,696 |

**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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 225,000 | \$ 225,000 | \$ 221,210 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 186,156 | 182,481 | 173,185 |
| Pension expense | - | - | 12,874 |
| OPEB expense | - | - | 489 |
| Purchased services | 8,564 | 6,210 | 4,961 |
| Supplies and materials | 13,930 | 26,459 | 23,076 |
| Intergovernmental: | | | |
| Payments to other governments | 16,350 | 9,850 | 6,625 |
| Total Expenditures | 225,000 | 225,000 | 221,210 |
| 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
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-19)
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 450,000 | \$ 450,000 | \$ 554,917 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 301,468 | 326,568 | 330,492 |
| Pension expense | - | - | 22,323 |
| OPEB expense | - | - | 1,059 |
| Purchased services | 25,327 | 16,277 | 7,585 |
| Supplies and materials | 58,549 | 55,249 | 121,314 |
| Intergovernmental: | | | |
| Payments to other governments | 64,656 | 51,906 | 72,144 |
| Total Expenditures | 450,000 | 450,000 | 554,917 |
| 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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 152,270 | \$ 152,270 | \$ 159,596 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 150,970 | 148,570 | 141,799 |
| Pension expense | - | - | 8,614 |
| OPEB expense | - | - | 1 |
| Purchased services | - | 2,400 | 2,377 |
| Supplies and materials | 1,300 | 1,300 | 2,707 |
| Total Expenditures | <u>152,270</u> | <u>152,270</u> | <u>155,498</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | 4,098 |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>(4,098)</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
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 32,640 | \$ 32,640 | \$ 35,712 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 26,561 | 26,561 | 26,110 |
| Pension expense | - | - | 1,648 |
| Purchased services | 3,679 | 3,679 | 3,972 |
| Supplies and materials | 2,400 | 2,400 | 2,511 |
| Total Expenditures | <u>32,640</u> | <u>32,640</u> | <u>34,241</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | 1,471 |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>(467)</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,004</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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|----------------|---------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 108,840 | \$ 117,180 | \$ 66,992 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 104,325 | 104,325 | 96,062 |
| Pension expense | - | - | 4,990 |
| OPEB expense | - | - | 2 |
| Purchased services | 1,215 | 1,215 | 1,913 |
| Supplies and materials | 3,300 | 11,640 | 14,638 |
| Total Expenditures | <u>108,840</u> | <u>117,180</u> | <u>117,605</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | (50,613) |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>(93,427)</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (144,040)</u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 FEDERAL ADULT EDUCATION - EL CIVICS
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|---------------|--------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 34,580 | \$ 34,580 | \$ 22,806 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 34,580 | 34,580 | 34,363 |
| Pension expense | - | - | 1,931 |
| OPEB expense | - | - | 4 |
| Purchased services | - | - | 270 |
| Total Expenditures | <u>34,580</u> | <u>34,580</u> | <u>36,568</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | (13,762) |
| FUND BALANCE - BEGINNING | - | - | - |
| RECLASSIFICATION (NOTE 15) | <u>-</u> | <u>-</u> | <u>(28,135)</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (41,897)</u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 PERFORMANCE EVALUATION ADVISORY COUNCIL (PEAC)
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|--------------------|--------------------|---------------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 180,000 | \$ 180,000 | \$ - |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 36,250 | 36,250 | - |
| Purchased services | 126,250 | 126,250 | 26,261 |
| Supplies and materials | 17,500 | 17,500 | - |
| Total Expenditures | <u>180,000</u> | <u>180,000</u> | <u>26,261</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | (26,261) |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (26,261)</u></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, 2020**

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|--------------------|--------------------|--------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 7,500 | \$ 7,500 | \$ 6,672 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Purchased services | <u>7,500</u> | <u>7,500</u> | <u>6,672</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
 WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Local | \$ 15,000 | \$ 15,000 | \$ 11,701 |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Salaries and benefits | 13,000 | 13,000 | 12,342 |
| Pension expense | - | - | 722 |
| Purchased services | 1,300 | 1,300 | 1,757 |
| Supplies and materials | 700 | 700 | 179 |
| Total Expenditures | <u>15,000</u> | <u>15,000</u> | <u>15,000</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | (3,299) |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,299)</u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF GRANT
 For the Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|--------------------|--------------------|--------------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 1,600 | \$ 1,600 | \$ - |
| EXPENDITURES | | | |
| Instructional services: | | | |
| Supplies and materials | <u>1,600</u> | <u>1,600</u> | <u>1,394</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | - | - | (1,394) |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (1,394)</u></u> |

SCHEDULE 25

HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2020

| | General Education Development | Bus Driver Training | Institute | TOTALS |
|---|----------------------------------|------------------------|------------|------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,955 | \$ 20,525 | \$ 169,945 | \$ 194,425 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 3,955 | \$ 20,525 | \$ 169,945 | \$ 194,425 |
| LIABILITIES | | | | |
| Accrued expenses | \$ - | \$ 268 | \$ 58 | \$ 326 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| FUND BALANCE | | | | |
| Restricted | 3,955 | 20,257 | 169,887 | 194,099 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 3,955 | \$ 20,525 | \$ 169,945 | \$ 194,425 |

SCHEDULE 26

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, 2020

| | General Education Development | Bus Driver Training | Institute | TOTALS |
|----------------------------|----------------------------------|------------------------|------------|------------|
| REVENUES | | | | |
| Local sources | \$ 932 | \$ 2,210 | \$ 26,095 | \$ 29,237 |
| State sources | - | 1,229 | - | 1,229 |
| Total Revenues | 932 | 3,439 | 26,095 | 30,466 |
| EXPENDITURES | | | | |
| Instructional services: | | | | |
| Salaries and benefits | - | 1,617 | 14,034 | 15,651 |
| Pension expense | - | - | 999 | 999 |
| Purchased services | - | 332 | 2,926 | 3,258 |
| Total Expenditures | - | 1,949 | 17,959 | 19,908 |
| NET CHANGE IN FUND BALANCE | 932 | 1,490 | 8,136 | 10,558 |
| FUND BALANCE - BEGINNING | 3,023 | 18,767 | 161,751 | 183,541 |
| FUND BALANCE - ENDING | \$ 3,955 | \$ 20,257 | \$ 169,887 | \$ 194,099 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 33
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2020**

| | Business-Type Activities - Enterprise Funds | | TOTALS |
|--------------------------------|--|---|-----------|
| | Staff Development | Criminal Background Investigation | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 42,488 | \$ 42,281 | \$ 84,769 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| None | - | - | - |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Due to other governments | - | 28 | 28 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| None | - | - | - |
| NET POSITION | | | |
| Unrestricted | \$ 42,488 | \$ 42,253 | \$ 84,741 |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

| | Business-Type Activities Enterprise Funds | | TOTALS |
|----------------------------|--|---|------------------|
| | Staff Development | Criminal Background Investigation | |
| OPERATING REVENUES | | | |
| Fees for services | \$ 2,481 | \$ 17,300 | \$ 19,781 |
| OPERATING EXPENSES | | | |
| Purchased services | 1,482 | 13,578 | 15,060 |
| OPERATING INCOME | 999 | 3,722 | 4,721 |
| NET POSITION - BEGINNING | 41,489 | - | 41,489 |
| RECLASSIFICATION (NOTE 15) | - | 38,531 | 38,531 |
| NET POSITION - ENDING | <u>\$ 42,488</u> | <u>\$ 42,253</u> | <u>\$ 84,741</u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

| | Business-Type Activities - Enterprise Funds | | TOTALS |
|--|--|---|------------------|
| | Staff Development | Criminal Background Investigation | |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers | \$ 2,481 | \$ 17,400 | \$ 19,881 |
| Payments to suppliers and providers of goods and services | (1,482) | (14,793) | (16,275) |
| Net Cash Provided by Operating Activities | <u>999</u> | <u>2,607</u> | <u>3,606</u> |
| Increase in Cash and Cash Equivalents | 999 | 2,607 | 3,606 |
| Cash and cash equivalents - Beginning | <u>41,489</u> | <u>39,674</u> | <u>81,163</u> |
| Cash and cash equivalents - Ending | <u>\$ 42,488</u> | <u>\$ 42,281</u> | <u>\$ 84,769</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | |
| Operating Income | \$ 999 | \$ 3,722 | \$ 4,721 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | |
| (Increase)/decrease in assets: | | | |
| Accounts receivable | - | 50 | 50 |
| Due from other governments | - | 50 | 50 |
| Increase/(decrease) in liabilities: | | | |
| Accrued expenses | - | (1,243) | (1,243) |
| Due to other governments | - | 28 | 28 |
| Net Cash Provided by Operating Activities | <u>\$ 999</u> | <u>\$ 2,607</u> | <u>\$ 3,606</u> |

**HENDERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2020**

| | <u>School Facility Occupation Tax</u> | <u>Delabar CTE System</u> | <u>Total</u> |
|----------------------------|---|-------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 249 | \$ 171,531 | \$ 171,780 |
| Due from other governments | 1,428,988 | 149,515 | 1,578,503 |
| TOTAL ASSETS | <u>\$ 1,429,237</u> | <u>\$ 321,046</u> | <u>\$ 1,750,283</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 239 | \$ 239 |
| Due to other governments | 1,429,237 | 320,807 | 1,750,044 |
| TOTAL LIABILITIES | <u>\$ 1,429,237</u> | <u>\$ 321,046</u> | <u>\$ 1,750,283</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, 2020**

| | Balance June 30, 2019 | Additions | Deductions | Balance June 30, 2020 |
|---------------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <u>SCHOOL FACILITY OCCUPATION TAX</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 249 | \$ 5,941,366 | \$ 5,941,366 | \$ 249 |
| Due from other governments | 1,581,249 | 1,428,988 | 1,581,249 | 1,428,988 |
| TOTAL ASSETS | \$ 1,581,498 | \$ 7,370,354 | \$ 7,522,615 | \$ 1,429,237 |
| LIABILITIES | | | | |
| Due to other governments | \$ 1,581,498 | \$ 7,370,354 | \$ 7,522,615 | \$ 1,429,237 |
| TOTAL LIABILITIES | \$ 1,581,498 | \$ 7,370,354 | \$ 7,522,615 | \$ 1,429,237 |
| <u>DELABAR CTE SYSTEM</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,116 | \$ 520,099 | \$ 353,684 | \$ 171,531 |
| Due from other governments | 66,468 | 149,515 | 66,468 | 149,515 |
| TOTAL ASSETS | \$ 71,584 | \$ 669,614 | \$ 420,152 | \$ 321,046 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 239 | \$ - | \$ 239 |
| Due to other governments | 71,584 | 669,375 | 420,152 | 320,807 |
| TOTAL LIABILITIES | \$ 71,584 | \$ 669,614 | \$ 420,152 | \$ 321,046 |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,365 | \$ 6,461,465 | \$ 6,295,050 | \$ 171,780 |
| Due from other governments | 1,647,717 | 1,578,503 | 1,647,717 | 1,578,503 |
| TOTAL ASSETS | \$ 1,653,082 | \$ 8,039,968 | \$ 7,942,767 | \$ 1,750,283 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 239 | \$ - | \$ 239 |
| Due to other governments | 1,653,082 | 8,039,729 | 7,942,767 | 1,750,044 |
| TOTAL LIABILITIES | \$ 1,653,082 | \$ 8,039,968 | \$ 7,942,767 | \$ 1,750,283 |

**HENERSON, KNOX, MERCER, AND WARREN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 33
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|---|---------------------------|--|----------------------------------|
| U.S. Department of Agriculture | | | |
| Passed-Through Illinois State Board of Education | | | |
| National School Lunch Program | | | |
| National School Lunch Program | 10.555 | 19-4210-00 | \$ 3,183 |
| National School Lunch Program | 10.555 | 20-4210-00 | 16,001 |
| | | | <u>19,184</u> |
| School Breakfast Program | | | |
| School Breakfast Program | 10.553 | 19-4220-00 | 2,018 |
| School Breakfast Program | 10.553 | 20-4220-00 | 8,290 |
| | | | <u>10,308</u> |
| Total Child Nutrition Cluster | | | <u>29,492</u> |
| Total U.S. Department of Agriculture | | | <u>29,492</u> |
| U.S. Department of Education | | | |
| Passed-Through Illinois Community College Board | | | |
| Adult Education - Basic Grants to States | | | |
| Federal Adult Education - Basic | 84.002 | 684-01-1625 | 117,605 |
| Federal Adult Education - EL Civics | 84.002 | 684-01-1625 | 36,568 |
| Total Adult Education - Basic Grants to States | | | <u>154,173</u> |
| Passed-Through Regional Office of Education No. 26 | | | |
| Education for Homeless Children and Youth | | | |
| McKinney Education for Homeless Children | 84.196A | 20-4920-00 | <u>14,162</u> |
| Passed-Through Illinois State Board of Education | | | |
| Title I Grants to Local Educational Agencies | | | |
| AdvancED | 84.010A | S010A170013 | <u>6,672</u> |
| Passed-Through Illinois State Board of Education | | | |
| Twenty-First Century Community Learning Centers | | | |
| Twenty-First Century Community Learning Centers | M 84.287C | 19-4421-13 | 46,759 |
| Twenty-First Century Community Learning Centers | M 84.287C | 19-4421-15 | 49,661 |
| Twenty-First Century Community Learning Centers | M 84.287C | 19-4421-19 | 180,582 |
| Twenty-First Century Community Learning Centers | M 84.287C | 20-4421-13 | 97,031 |
| Twenty-First Century Community Learning Centers | M 84.287C | 20-4421-15 | 171,549 |
| Twenty-First Century Community Learning Centers | M 84.287C | 20-4421-19 | 374,335 |
| Total Twenty-First Century Community Learning Centers | | | <u>919,917</u> |
| Improving Teacher Quality State Grants | | | |
| Title II Teacher Quality Leadership | 84.367A | 20-4935-02 | <u>1,086</u> |
| Education Stabilization Fund | | | |
| COVID-19: Elementary and Secondary School Emergency Relief Grant | 84.425D | 20-4998-ER | <u>1,394</u> |
| Total U.S. Department of Education | | | <u>1,097,404</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 1,126,896</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, 2020

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, 2020. 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.