

**STATE OF ILLINOIS
CALHOUN, GREENE, JERSEY,
AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**FINANCIAL AUDIT
For the year ended June 30, 2021**

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

REPO



**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

OFFICIALS

Regional Superintendent
(Current and during the audit period) Ms. Michelle Mueller

Assistant Regional Superintendent
(Current and during the audit period) Mr. Chad Hoesman

Offices are located at:

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Carlinville, IL 62626

201 W. Exchange Street
Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports 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	7	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	-

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2021-001	11A	Delay of Audit	Noncompliance
2021-002	11C	Controls over Cash	Material Weakness
2021-003	11D	Controls over Financial Statement Preparation	Material Weakness
2021-004	11F	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant Deficiency
2021-005	11H	Controls over Review of Journal Entries	Material Weakness
2021-006	11I	Controls over Census Data for Teachers' Retirement System of the State of Illinois	Significant Deficiency
2021-007	11J	Grant Reporting Noncompliance	Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2020-001	13	Inadequate Internal Controls over Compliance Requirements	Noncompliance

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

FINANCIAL REPORT SUMMARY (Continued)

EXIT CONFERENCE

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2021. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report.

Responses to the recommendations were provided by Tara Dawdy, accountant, via email on January 27, 2022.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements.



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INDEPENDENT AUDITORS' 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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.

Auditors' 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 auditor's 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of June 30, 2021, and the respective changes in its 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 – Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedules of Employer’s Proportionate Share of the Net Pension Liability, Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Contributions, Teacher’s Health Insurance Security Fund – Schedules of the Employer’s Contributions, Teacher’s Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net OPEB Liability, Other Post Employment Benefits – Schedule of the Employer’s Contributions, and Other Post Employment Benefits – Schedules of Changes in the Total OPEB Liability and Related Ratios on pages 69-78 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and 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 schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022 on our consideration of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois

March 4, 2022



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**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**

INDEPENDENT AUDITORS' REPORT

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 the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements, and we have issued our report thereon dated March 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 2021-002, 2021-003, and 2021-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 2021-004 and 2021-006 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Responses as findings 2021-001 and 2021-007.

Regional Office of Education No. 40's Responses to Findings

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
March 4, 2022

SCHEDULE OF FINDINGS AND RESPONSES

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2021**

Financial Statements in accordance with GAAP

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

X yes no

- Significant deficiency(ies) identified?

X yes none reported

Noncompliance material to financial
statements noted?

 yes X no

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-001 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 40 (ROE) 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). Additionally, effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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

Condition:

The Regional Office of Education No. 40 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft was provided to the auditors on September 29, 2021.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-001 – Delay of Audit (Continued)

Cause:

Regional Office of Education No. 40 indicated the ROE purchased a new accounting system during fiscal year 2021 and the full implementation of the necessary features within software took longer than anticipated. Therefore, the ROE was unable to provide the necessary information to the ROE's hired accounting firm timely in order for them to prepare the draft financial statements by the August 31st deadline.

Auditors' Recommendation:

The Regional Office of Education No. 40 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. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The new accounting system has been fully implemented which will allow the ROE to be able to provide their hired accounting firm with necessary information for them to prepare the draft financial statements by the August 31st deadline.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-002 – Controls over Cash

Criteria/Specific Requirement:

Sound internal control requires bank reconciliations to be performed monthly to ensure all transactions have been recorded. The bank reconciliation process should include identifying and correcting all discrepancies between the bank records and the books in a timely manner. Sound internal control over cash also requires bank reconciliations to be completed and reviewed by the appropriate level of management on a monthly basis.

Condition:

The Regional Office of Education No. 40 (ROE) switched accounting software, effective July 2020. Since the implementation of the new accounting software, Regional Office of Education No. 40's staff did not prepare monthly bank reconciliations until the June 30, 2021 bank reconciliation.

Effect:

Failure to prepare bank reconciliations on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Unreconciled and unresolved differences in the bank reconciliations also render the bank reconciliation process ineffective for identifying improper and unauthorized cash transactions and financial statement misstatements. In addition, not identifying and addressing unrecorded items on a timely basis could cause expenditure reports to granting agencies to be incorrect.

Cause:

Regional Office of Education No. 40 indicated the bank reconciliation feature within the ROE's new accounting software took longer than anticipated to implement. After many hours of technical support, the bank reconciliation feature was successfully implemented in fiscal year 2022.

Auditors' Recommendation:

As part of its internal controls over cash, the Regional Office of Education No. 40 should reconcile all bank statements every month and correct any discrepancies in a timely manner. In addition, Regional Office of Education No. 40's management should review bank reconciliations and document their review each month after the reconciliation has been completed.

Management's Response:

The bank reconciliation feature within the ROE's new accounting software took longer than anticipated to implement. The ROE has since been able to successfully implement the bank reconciliation feature during fiscal year 2022. The ROE will reconcile all bank statements every month and correct any discrepancies in a timely manner.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-003 – Controls over Financial Statement Preparation (Repeat of Finding 20-002)

Criteria/Specific Requirement:

Effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The Regional Office of Education No. 40 (ROE) has chosen to utilize the GAAP basis of accounting for financial statement reporting. The ROE is required to maintain a system of controls over the preparation of financial statements. The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

Condition:

The Regional Office of Education No. 40 (ROE) does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner.

During review of the ROE's accounting records, auditors noted the ROE did not have adequate controls over maintenance of complete records of revenues and expenditures. While the ROE did maintain records to indicate the balances of these items, material adjustments were required to present balances in accordance with generally accepted accounting principles.

Effect:

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-003 – Controls over Financial Statement Preparation (Repeat of Finding 20-002) (Continued)

Cause:

Regional Office of Education No. 40 indicated the ROE does not have adequately trained personnel to handle the processing of all transactions in accordance with GAAP requirements due to the lack of adequate resources.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE financial statements.

Management's Response:

The ROE has hired an accounting firm to aid with closing the books and preparing the financial statements. ROE personnel will work with the hired accounting firm to ensure that all revenues and expenditures are shown appropriately in the financial statements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-004 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (ROE) is responsible for the design, implementation, and maintenance of internal controls, including the controls that are outsourced to service providers, related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction.

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

Condition:

As part of the audit process, we held discussions with Regional Office of Education No. 40 personnel regarding the Regional Office of Education No. 40's change in accounting software. The Regional Office of Education switched to an accounting software which utilizes a service provider to provide hosting and backup services for the Regional Office of Education No. 40.

During testing, the auditors noted the Regional Office of Education No. 40 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) report from the service provider 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 the SOC report, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 40's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 40's operations.

Effect:

Without having reviewed a SOC report or another form of independent internal controls review, the Regional Office of Education No. 40 does not have assurance the external service provider's and its subservice organization's internal controls are adequate.

Cause:

The Regional Office of Education No. 40 indicated it transitioned software and did not have the current SOC report prior to the site visit of the auditing firm.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-004 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Continued)

Auditors' Recommendation:

We recommend the Regional Office of Education No. 40 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. 40 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 report, or perform alternative procedures, to evaluate all significant issues to ascertain if a corrective action plan exists, when it will be implemented, any impacts to the Regional Office of Education No. 40, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 40's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

Management's Response:

The ROE 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 report, or perform alternative procedures, to evaluate all significant issues to ascertain if a corrective action plan exists, when it will be implemented, any impacts to the ROE, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the ROE's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-005 – Controls over Review of Journal Entries

Criteria/Specific Requirement:

The Regional Office of Education No. 40 is responsible for establishing and maintaining an internal control system over journal entries to prevent errors or fraud. In addition, adequate controls over compliance with laws, regulations, and grant agreements require supervisory review of expenditures charged to grant programs.

Condition:

During our review of journal entries, we noted 6 out of the 6 (100%) journal entries tested lacked the necessary documentation to indicate the entry had been reviewed and approved by the Regional Superintendent or Assistant Regional Superintendent.

Effect:

Erroneous or fraudulent journal entries could be made that may not be detected or corrected by Regional Office employees in the normal course of their assigned duties.

Cause:

Regional Office of Education No. 40 indicated the implementation of the new accounting software caused the number of journal entries needed to be made by the bookkeeper to be significantly less than in prior fiscal years. The bookkeeper inadvertently did not provide the journal entries made during fiscal year 2021 to the Regional Superintendent or Assistant Regional Superintendent for their review.

Auditors' Recommendation:

The Regional Superintendent or Assistant Regional Superintendent should formally review and approve all journal entries, along with supporting documentation, prior to the entries being posted to the accounting records.

Management's Response:

The Regional Superintendent or Assistant Regional Superintendent will formally review and approve all journal entries, along with supporting documentation, prior to the entries being posted to the accounting records.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-006 – Controls over Census Data for Teachers’ Retirement System of the State of Illinois (TRS)

Criteria/Specific Requirement:

Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Management of cost-sharing and agent employer pension plans are also responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, including completeness and accuracy of census data.

Condition:

During our audit of the Regional Office of Education, we noted the actuarially determined pension report for Teachers’ Retirement System of the State of Illinois (TRS) included Regional Office of Education No. 40’s (ROE) census data which did not reconcile to the Regional Office of Education’s payroll records. The Regional Office of Education reported incorrect salaries for 8 out of the 12 (67%) TRS employees that were selected for testing.

Effect:

Without effective internal controls in place over pension related census data, pension related balances for the TRS Plan could be materially misstated. Inadequate census data alters the amount of pension contributions required to be deposited on a monthly basis due to salaries being reported incorrectly.

Cause:

Regional Office of Education No. 40 indicated the ROE implemented a new accounting system during fiscal year 2021. The formatting of the reports used to report TRS census data to the State were incorrectly prepared resulting in the ROE reporting incorrect census data.

Auditors’ Recommendation:

The Regional Office of Education No. 40 should implement the necessary controls to ensure that census data reported to TRS agrees to the Regional Office of Education No. 40’s payroll documentation.

Management’s Response:

The ROE has implemented the necessary controls to ensure that census data reported to TRS agrees to the ROE’s payroll documentation.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-007 – Grant Reporting Noncompliance

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office of Education No. 40 (ROE) must incorporate certain procedures into its operations in order to comply with the grant agreements with these entities.

Grant agreements require the ROE to report actual expenditures incurred rather than reporting expenditures based on the amount budgeted in the grant agreement. The ROE is required to spend funding in accordance with budgets submitted to grantors.

Condition:

During the course of the audit, auditors noted that the expenditures reported on the final expenditure reports for the Truants Alternative/Optional Education, Regional Safe Schools, and Regional Safe School Cooperative Education grants did not agree to the expenditures recorded in the general ledger. Expenditures on the Truants Alternative/Optional Education, Regional Safe Schools, and Regional Safe School Cooperative Education grants' expenditure reports exceeded actual expenditures recorded in the general ledger by \$2,079, \$3,000, and \$1,600, respectively.

Effect:

Submitting expenditure reports that do not reflect actual final expenditures after accrual adjustments could lead to the granting agency requesting reimbursement or adjusting future grant amounts.

Cause:

Regional Office of Education No. 40 indicated the ROE implemented a new accounting system in fiscal year 2021. The balances from the old accounting system were transferred inaccurately into the new accounting system. This issue caused reports used to prepare the expenditure reports to be inaccurate. Once the issue was identified, the ROE made adjusting journal entries to correct the amounts reported in the general ledger. However, the related expenditure reports were not amended.

Auditors' Recommendation:

The ROE should implement adequate internal controls to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger. The ROE should thoroughly review grant agreements and comply with all grant requirements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2021**

FINDING NO. 2021-007 – Grant Reporting Noncompliance (Continued)

Management's Response:

The ROE has implemented adequate internal controls to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger. The ROE will thoroughly review grant agreements and comply with all grant requirements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-001 – Delay of Audit

Condition:

The Regional Office of Education No. 40 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft was provided to the auditors on September 29, 2021.

Plan:

The new accounting system has been fully implemented which will allow the ROE to be able to provide the hired accounting firm with the necessary information to prepare the draft financial statements by the August 31st deadline.

Anticipated Date of Completion:

February 2022

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-002 - Controls over Cash

Condition:

The Regional Office of Education No. 40 (ROE) switched accounting software, effective July 2020. Since the implementation of the new accounting software, Regional Office of Education No. 40's staff did not prepare monthly bank reconciliations until the June 30, 2021 bank reconciliation.

Plan:

The ROE has been able to successfully implement the bank reconciliation feature of the new accounting software during fiscal year 2022. The ROE will reconcile all bank statements every month and correct any discrepancies in a timely manner.

Anticipated Date of Completion:

Fiscal Year 2022

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-003 – Controls over Financial Statement Preparation (Repeat of Finding 20-002)

Condition:

The Regional Office of Education No. 40 (ROE) does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner.

During review of the ROE's accounting records, auditors noted the ROE did not have adequate controls over maintenance of complete records of revenues and expenditures. While the ROE did maintain records to indicate the balances of these items, material adjustments were required to present balances in accordance with generally accepted accounting principles.

Plan:

The ROE has hired an accounting firm to aid with closing the books and preparing the financial statements. ROE personnel will work with the hired accounting firm to ensure that all revenues and expenditures are shown appropriately in the financial statements.

Anticipated Date of Completion:

Fiscal Year 2022 financial statements

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-004 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

Condition:

As part of the audit process, we held discussions with Regional Office of Education No. 40 personnel regarding the Regional Office of Education No. 40's change in accounting software. The Regional Office of Education switched to an accounting software which utilizes a service provider to provide hosting and backup services for the Regional Office of Education No. 40.

During testing, the auditors noted the Regional Office of Education No. 40 had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) report from the service provider 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 the SOC report, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 40's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 40's operations.

Plan:

The ROE 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 report, or perform alternative procedures, to evaluate all significant issues to ascertain if a corrective action plan exists, when it will be implemented, any impacts to the ROE, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the ROE's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

Anticipated Date of Completion:

September 2021

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-005 – Controls over Review of Journal Entries

Condition:

During our review of journal entries, we noted 6 out of the 6 (100%) journal entries tested lacked the necessary documentation to indicate the entry had been reviewed and approved by the Regional Superintendent or Assistant Regional Superintendent.

Plan:

The Regional Superintendent or Assistant Regional Superintendent will formally review and approve all journal entries, along with supporting documentation, prior to the entries being posted to the accounting records.

Anticipated Date of Completion:

July 2021

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-006 – Controls over Census Data for Teachers’ Retirement System of the State of Illinois (TRS)

Condition:

During our audit of the Regional Office of Education, we noted the actuarially determined pension report for Teachers’ Retirement System of the State of Illinois (TRS) included Regional Office of Education No. 40’s (ROE) census data which did not reconcile to the Regional Office of Education’s payroll records. The Regional Office of Education reported incorrect salaries for 8 out of the 12 (67%) TRS employees that were selected for testing.

Plan:

The ROE has implemented the necessary controls to ensure that census data reported to TRS agrees to the ROE’s payroll documentation.

Anticipated Date of Completion:

February 2022

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2021**

Corrective Action Plan

FINDING NO. 2021-007 – Grant Reporting Noncompliance

Condition:

During the course of the audit, auditors noted that the expenditures reported on the final expenditure reports for the Truants Alternative/Optional Education, Regional Safe Schools, and Regional Safe School Cooperative Education grants did not agree to the expenditures recorded in the general ledger. Expenditures on the Truants Alternative/Optional Education, Regional Safe Schools, and Regional Safe School Cooperative Education grants' expenditure reports exceeded actual expenditures recorded in the general ledger by \$2,079, \$3,000, and \$1,600, respectively.

Plan:

The ROE has implemented adequate internal controls to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger. The ROE will thoroughly review grant agreements and comply with all grant requirements.

Anticipated Date of Completion:

February 2022

Name of Contact Persons:

Ms. Michelle Mueller, Regional Superintendent
Mr. Chad Hoesman, Assistant Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2021**

2020-001	Inadequate Internal Controls over Compliance Requirements	Not repeated
	During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over compliance requirements.	

BASIC FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF NET POSITION
June 30, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 341,585	\$ 16,449	\$ 358,034
Due from other governments	67,855	-	67,855
Internal balances	4,439	(4,439)	-
Total current assets	<u>413,879</u>	<u>12,010</u>	<u>425,889</u>
Noncurrent assets:			
Capital assets, net	35,450	-	35,450
Net pension asset	97,556	-	97,556
Total noncurrent assets	<u>133,006</u>	<u>-</u>	<u>133,006</u>
Total assets	<u>546,885</u>	<u>12,010</u>	<u>558,895</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	42,449	803	43,252
Deferred outflows related to OPEB	105,899	7,971	113,870
Total deferred outflows of resources	<u>148,348</u>	<u>8,774</u>	<u>157,122</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,875	-	3,875
Due to other governments	8,803	-	8,803
Unearned revenue	3,000	-	3,000
Current portion of capital lease liability	1,060	-	1,060
Total current liabilities	<u>16,738</u>	<u>-</u>	<u>16,738</u>
Noncurrent liabilities:			
Capital lease liability, net of current portion	2,355	-	2,355
Net pension liability	39,900	3,002	42,902
OPEB liabilities	456,297	30,941	487,238
Total noncurrent liabilities	<u>498,552</u>	<u>33,943</u>	<u>532,495</u>
Total liabilities	<u>515,290</u>	<u>33,943</u>	<u>549,233</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	146,148	648	146,796
Deferred inflows related to OPEB	78,832	5,934	84,766
Total deferred inflows of resources	<u>224,980</u>	<u>6,582</u>	<u>231,562</u>
NET POSITION			
Net investment in capital assets	32,035	-	32,035
Restricted for educational purposes	227,721	-	227,721
Unrestricted	(304,793)	(19,741)	(324,534)
Total net position	<u>\$ (45,037)</u>	<u>\$ (19,741)</u>	<u>\$ (64,778)</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2021**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental activities:						
Instructional services:						
Salaries	\$ 716,699	\$ -	\$ 539,778	\$ (176,921)	\$ -	\$ (176,921)
Benefits	118,123	-	81,480	(36,643)	-	(36,643)
Purchased services	161,841	-	116,224	(45,617)	-	(45,617)
Supplies and materials	29,783	-	30,337	554	-	554
Other	3,227	-	3,174	(53)	-	(53)
Depreciation	13,145	-	27,338	14,193	-	14,193
Pension expense (benefit)	(18,944)	-	19,123	38,067	-	38,067
OPEB expense	34,117	-	3,436	(30,681)	-	(30,681)
Intergovernmental:						
Payments to other governments	6,369	-	6,369	-	-	-
Administrative:						
On-behalf payments - State	656,995	-	-	(656,995)	-	(656,995)
Total governmental activities	<u>1,721,355</u>	<u>-</u>	<u>827,259</u>	<u>(894,096)</u>	<u>-</u>	<u>(894,096)</u>
Business-type activities						
Instructional	<u>61,870</u>	<u>58,065</u>	<u>-</u>	<u>-</u>	<u>(3,805)</u>	<u>(3,805)</u>
Total primary government	<u>\$ 1,783,225</u>	<u>\$ 58,065</u>	<u>\$ 827,259</u>	<u>\$ (894,096)</u>	<u>(3,805)</u>	<u>\$ (897,901)</u>
General revenues:						
Local sources				233,775	-	233,775
On-behalf payments - State				656,995	-	656,995
Interest				43	-	43
Total general revenues				<u>890,813</u>	<u>-</u>	<u>890,813</u>
Change in net position				(3,283)	(3,805)	(7,088)
Net position - beginning of year				<u>(41,754)</u>	<u>(15,936)</u>	<u>(57,690)</u>
Net position - end of year				<u>\$ (45,037)</u>	<u>\$ (19,741)</u>	<u>\$ (64,778)</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

	General Fund	Education Fund	Institute Fund
ASSETS			
Cash and cash equivalents	\$ 196,380	\$ 16,028	\$ 110,857
Due from other funds	21,794	-	-
Due from other governments	50,500	17,355	-
Total assets	\$ 268,674	\$ 33,383	\$ 110,857
LIABILITIES			
Accounts payable	\$ 638	\$ 2,973	\$ -
Due to other funds	-	17,355	-
Due to other governments	-	8,803	-
Unearned revenue	-	3,000	-
Total liabilities	638	32,131	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	17,500	-	-
Total deferred inflows of resources	17,500	-	-
FUND BALANCES			
Restricted	-	1,252	110,857
Unassigned	250,536	-	-
Total fund balances	250,536	1,252	110,857
Total liabilities, deferred inflows of resources, and fund balances	\$ 268,674	\$ 33,383	\$ 110,857

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BALANCE SHEET (Concluded)
GOVERNMENTAL FUNDS
June 30, 2021**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 18,320	\$ 341,585
Due from other funds	-	21,794
Due from other governments	-	67,855
	<u> </u>	<u> </u>
Total assets	<u>\$ 18,320</u>	<u>\$ 431,234</u>
 LIABILITIES		
Accounts payable	\$ 264	\$ 3,875
Due to other funds	-	17,355
Due to other governments	-	8,803
Unearned revenue	-	3,000
	<u> </u>	<u> </u>
Total liabilities	<u>264</u>	<u>33,033</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	17,500
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>17,500</u>
 FUND BALANCES		
Restricted	18,056	130,165
Unassigned	-	250,536
	<u> </u>	<u> </u>
Total fund balances	<u>18,056</u>	<u>380,701</u>
 Total liabilities, deferred inflows of resources, and fund balances		
	<u>\$ 18,320</u>	<u>\$ 431,234</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021**

Total fund balances - governmental funds		\$ 380,701
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>		17,500
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		35,450
<p>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.</p>		
Deferred outflows of resources	\$ 148,348	
Deferred inflows of resources	<u>(224,980)</u>	(76,632)
<p>Noncurrent assets are collected but not receivable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension asset		97,556
<p>Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Capital lease payable		(3,415)
Net pension liability		(39,900)
OPEB liabilities		<u>(456,297)</u>
Net position of governmental activities		<u>\$ (45,037)</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2021**

	General Fund	Education Fund	Institute Fund
Revenues:			
Local sources	\$ 201,135	\$ -	\$ 21,571
State sources	382,640	370,320	-
Federal sources	-	72,972	-
On-behalf payments	282,423	-	-
Interest	43	-	-
	866,241	443,292	21,571
Total revenues			
Expenditures:			
Instructional services:			
Salaries	426,524	271,151	15,290
Benefits	76,824	37,217	2,673
Purchased services	87,753	61,807	8,000
Supplies and materials	1,049	30,009	1
Other	-	3,227	-
Pension expense	17,430	9,100	136
OPEB expense	5,663	788	210
On-behalf payments	282,423	-	-
Intergovernmental:			
Payments to other governments	-	6,369	-
Capital outlay	-	27,338	-
Debt service:			
Repayment of long term lease payable	-	1,042	-
	897,666	448,048	26,310
Total expenditures			
Net change in fund balances	(31,425)	(4,756)	(4,739)
Fund balances, beginning of year	281,961	6,008	115,596
Fund balances, end of year	\$ 250,536	\$ 1,252	\$ 110,857

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GOVERNMENTAL FUNDS
For the year ended June 30, 2021**

	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:		
Local sources	\$ 10,918	\$ 233,624
State sources	1,327	754,287
Federal sources	-	72,972
On-behalf payments	-	282,423
Interest	-	43
	<u>12,245</u>	<u>1,343,349</u>
Expenditures:		
Instructional services:		
Salaries	3,734	716,699
Benefits	1,409	118,123
Purchased services	4,281	161,841
Supplies and materials	162	31,221
Other	-	3,227
Pension expense	377	27,043
OPEB expense	-	6,661
On-behalf payments	-	282,423
Intergovernmental:		
Payments to other governments	-	6,369
Capital outlay	-	27,338
Debt service:		
Repayment of long term lease payable	-	1,042
	<u>9,963</u>	<u>1,381,987</u>
Net change in fund balances	2,282	(38,638)
Fund balances, beginning of year	<u>15,774</u>	<u>419,339</u>
Fund balances, end of year	<u>\$ 18,056</u>	<u>\$ 380,701</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**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, 2021**

Net change in fund balances \$ (38,638)

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	\$ 27,338	
Capital outlay in supplies & materials	1,438	
Depreciation expense	<u>(13,145)</u>	15,631

The issuance of long-term debt (e.g. capital lease) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

1,042

Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.

Current year unavailable revenue	\$ 17,500	
Prior year unavailable revenue	<u>(17,349)</u>	151

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 expense (benefit)	\$ 45,987	
OPEB expense (benefit)	<u>(27,456)</u>	<u>18,531</u>

Change in net position of governmental activities \$ (3,283)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 16,449	\$ 16,449
Total assets	-	16,449	16,449
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	803	-	803
Deferred outflows related to OPEB	7,971	-	7,971
Total deferred outflows of resources	8,774	-	8,774
LIABILITIES			
Current liabilities:			
Due to other funds	4,439	-	4,439
Noncurrent liabilities:			
Net pension liability	3,002	-	3,002
OPEB liabilities	30,941	-	30,941
Total noncurrent liabilities	33,943	-	33,943
Total liabilities	38,382	-	38,382
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	648	-	648
Deferred inflows related to OPEB	5,934	-	5,934
Total deferred inflows of resources	6,582	-	6,582
NET POSITION			
Unrestricted	(36,190)	16,449	(19,741)
Total net position	\$ (36,190)	\$ 16,449	\$ (19,741)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Operating revenues:			
Charges for services	\$ 58,065	\$ -	\$ 58,065
Operating expenses:			
Salaries	34,453	3,045	37,498
Benefits	3,613	1,652	5,265
Purchased services	15,324	72	15,396
Supplies and materials	22	-	22
Pension expense	1,255	-	1,255
OPEB expense	2,434	-	2,434
Total operating expenses	57,101	4,769	61,870
Operating income (loss)	964	(4,769)	(3,805)
Net position - beginning of year	(37,154)	21,218	(15,936)
Net position - end of year	\$ (36,190)	\$ 16,449	\$ (19,741)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Cash flows from operating activities:			
Collection of fees	\$ 58,065	\$ -	\$ 58,065
Payments to suppliers and providers for goods and services	(15,347)	(72)	(15,419)
Payments to employees	(40,632)	(4,697)	(45,329)
Net cash provided by (used for) operating activities	<u>2,086</u>	<u>(4,769)</u>	<u>(2,683)</u>
Cash flows from noncapital financing activities:			
Interfund loans, net	(2,086)	-	(2,086)
Net cash used for noncapital financing activities	<u>(2,086)</u>	<u>-</u>	<u>(2,086)</u>
Net decrease in cash and cash equivalents	-	(4,769)	(4,769)
Cash and cash equivalents - beginning of year	-	21,218	21,218
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 16,449</u>	<u>\$ 16,449</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 964	\$ (4,769)	\$ (3,805)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Decrease in deferred outflows	1,266	-	1,266
Decrease in due to other governments	(1,018)	-	(1,018)
Increase in net pension liability	95	-	95
Decrease in OPEB liability	(569)	-	(569)
Increase in deferred inflows	1,348	-	1,348
Net cash provided by (used for) operating activities	<u>\$ 2,086</u>	<u>\$ (4,769)</u>	<u>\$ (2,683)</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 58,648
Due from other governments	<u>1,513,533</u>
Total assets	<u>1,572,181</u>
LIABILITIES	
Due to other governments	<u>1,513,533</u>
Total liabilities	<u>1,513,533</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>58,648</u>
Total net position	<u>\$ 58,648</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021**

	<u>Custodial Funds</u>
Additions:	
Local sources	
Program fees	\$ 2,000
Flow-through sales tax payments from State	5,086,652
Payments from Illinois State Board of Education	
State	373,577
Federal	<u>107,220</u>
Total additions	<u>5,569,449</u>
Deductions:	
Program expense	444,409
Flow-through sales tax payments to local districts	<u>5,086,652</u>
Total deductions	<u>5,531,061</u>
Net increase in fiduciary net position	38,388
Net position, beginning of year, restated (see Note 16)	<u>20,260</u>
Net position, end of year	<u><u>\$ 58,648</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 40's accounting policies conform to generally accepted accounting principles, which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 40 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Calhoun, Greene, Jersey, and Macoupin counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. 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 Office of Education No. 40 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 40 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 40's financial statements. In addition, the Regional Office of Education No. 40 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 40 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 40's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards 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 the proprietary fund Statement of Net Position, and as transfers in/out 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. All internal balances in the Statement of Net Position have been eliminated.

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.

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.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized 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 provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 40 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid items and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period are reported as deferred inflows of resources - unavailable revenue in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 40's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 40's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds**

The Regional Office of Education No. 40 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 40. It is used to account for all financial resources, except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 40. Included in this fund are:

Administrative Fund – This fund is the general operating fund of the Regional Office of Education No. 40. It is used to account for all financial resources except those required to be accounted for in another fund.

Alternative Schools Fund – This fund accounts for monies received to educate, serve, and support students, at no cost to the students, in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

Direct Services – This fund is used for student testing and cooperative services conducted through the Regional Office of Education for the benefit of member districts.

General State Aid – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and used for the general operations of the Regional Safe Schools program.

Jerseyville Office Account – Accounts for general operations at the Jerseyville Regional Office of Education No. 40.

Macoupin County Monies – Monies received from Macoupin County to pay ROE expenses, such as payroll, phone, rent and office supplies.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

Education – This Special Revenue 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:

Adult Education – This fund accounts for monies received from the Illinois Community College Board for academic and vocational adult education programs including the following:

Federal Basic – This fund accounts for federal monies received from the Illinois Community College Board which provide for adult basic education (GED) services for adult education clients.

State Basic – This fund accounts for State monies received from the Illinois Community College Board for vocational training, including computer and certified nurse assistant classes.

State Performance – This fund accounts for State monies received from the Illinois Community College Board that can be used for any purpose that supports the adult education program.

Regional Safe Schools – This program provides instruction services and materials for an alternative school program for at-risk youth who are eligible for suspension or expulsion from their home school districts, creating alternative placement for those students into a safe school program.

ROE/ISC Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

Teen Parent Services – This program is funded through local donations and provides diapers and other parenting supplies to teen parents involved in the Truants Alternative/Optional Education program.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education No. 40. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

Education (Continued)

Regional Safe School Cooperative Education Program – The program is state funded and designed to motivate and encourage students to complete high school while enabling them to make a successful transition to postsecondary education, employment, or other career advancement opportunities.

ICCB CURES Grant – This fund accounts for federal monies received from the Illinois Community College Board made available via the CURES Act to support adult education programs.

ESSER Grants – The Elementary and Secondary School Emergency Relief (ESSER) grants are federal monies received from the Illinois State Board of Education to provide emergency relief to local educational agencies during the Covid-19 pandemic.

Digital Equity – The Digital Equity grant is CARES Act federal monies received from the Illinois State Board of Education to assist districts in reducing barriers to the continuity of education by addressing the technology and home connectivity needs.

Institute – This Special Revenue Fund accounts for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor 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 specific purposes. Nonmajor special revenue funds include the following:

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

2. **Proprietary Funds**

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Regional Office of Education No. 40 reports Workshops as a major enterprise fund and the others as nonmajor enterprise funds:

Workshops – This fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

3. **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 40 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds, which prior to GASB 84 were reported as agency funds, are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. Custodial funds include the following:

Central Illinois Rural Region Career & Technical Education System – This fund accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

Trustee Fund – This fund accounts for monies received from individuals filing petitions requesting annexation or detachment of school district boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

School Facility Sales Tax – Voters in Calhoun, Greene, Jersey, and Macoupin Counties approved the use of a sales tax to be used exclusively for school facility capital projects. Regional Office of Education No. 40 is the fiscal agent for processing payments from the State of Illinois to the school districts.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

The Regional Office of Education No. 40 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 40 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 40 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

2. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide and proprietary fund financial statements. Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and furniture	3-10 years
Building improvements	10-15 years

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position/fund balance 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 on the governmental funds Balance Sheet consist of receivables not collected within sixty days after the year end. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items that have not yet reduced pension and OPEB expense.

5. **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Regional Office of Education No. 40’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. 40’s OPEB Plan, and additions to/deductions from the Regional Office of Education No. 40’s fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 40’s Plan. For this purpose, the Regional Office of Education No. 40’s Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 40’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.

6. **Compensated Absences**

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Vacation time is considered an expenditure in the year it is paid. All vacation time has to be used before fiscal year end, so no accrual is required.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

6. **Compensated Absences** (Continued)

Employees received one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

7. **Equity Classifications**

Government-wide and Proprietary Fund Statements

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

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

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

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

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a governmental fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet, the General Fund and Education Fund Combining Schedules of Accounts, and the Nonmajor Special Revenue Funds Combining Balance Sheet:

Nonspendable Fund Balance - The portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education No. 40 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by Illinois Statutes: Institute Fund, Bus Driver Permit Fund, and General Education Development Fund. The following accounts' fund balances are restricted by donor restrictions: Regional Safe Schools, ROE/ISC Operations, and Teen Parent Services.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Equity Classifications (Continued)

Governmental Fund Statements (Continued)

Committed Fund Balance - The portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision-making. The Regional Office of Education No. 40 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education No. 40 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts comprise unassigned fund balance: Administrative, Alternative Schools Fund, Direct Services, General State Aid, Jerseyville Office Account, Macoupin County Monies, and Regional Initiative.

E. New Accounting Pronouncements

In 2021, the Regional Office of Education No. 40 implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Major Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The implementation of GASB Statement No. 84 established criteria for identifying fiduciary activities and provided guidance on reporting fiduciary activities. This Statement changed the Regional Office's reporting of fiduciary activities and presentation of fiduciary fund financial statements. The implementation of GASB Statement No. 90, *Major Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates* had no significant impact on the Regional Office of Education No. 40's financial statements.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 40 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must be prepared and submitted for approval. Budgets are also prepared for certain grants awarded through other pass-through entities. Budgetary Comparison Schedules have been presented for the following grants: Adult Education – Federal Basic, Adult Education – State Basic, Adult Education – State Performance, Regional Safe Schools, ROE/ISC Operations, Truants Alternative/Optional Education, Regional Safe School Cooperative Education, ICCB CURES Grant, ESSER Grants, and Digital Equity.

3. USE OF 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.

4. DEPOSITS AND INVESTMENTS

At June 30, 2021, the carrying amount of the Regional Office of Education No. 40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$341,115, \$16,449, and \$58,648, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$770,674 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 40's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds accounts had a total carrying amount of \$470 and bank balance of \$470 for the governmental activities at June 30, 2021. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2021, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 21,794	\$ -
Education Fund	-	17,355
Workshops	-	4,439
Totals	\$ 21,794	\$ 21,794

At June 30, 2021, the interfund balances consisted of loans between funds within the same pooled cash account. The loans were used to cover cash shortages in the Education Fund and Workshops Fund.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

6. DUE TO/DUE FROM OTHER GOVERNMENTS

At June 30, 2021, the Regional Office of Education No. 40's General Fund, Education Fund, and Custodial Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

Governmental Funds

General Fund:

Internal Revenue Service	\$ 11,050
Local Governments	38,601
State of Illinois Comptroller	849
	50,500

Education Fund:

Illinois Community College Board	13,615
Illinois State Board of Education	3,740
	17,355
	\$ 67,855

Custodial Funds:

Local Governments	\$ 1,513,533
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Due to Other Governments:

Education Fund:

Illinois Community College Board	\$ 3,307
Illinois State Board of Education	5,496
	\$ 8,803

Custodial Funds:

Local Governments	\$ 1,513,533
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**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 222,908	\$ 28,776	\$ -	\$ 251,684
Less accumulated depreciation for:				
Equipment	<u>(203,089)</u>	<u>(13,145)</u>	<u>-</u>	<u>(216,234)</u>
Governmental activities capital assets, net	<u>\$ 19,819</u>	<u>\$ 15,631</u>	<u>\$ -</u>	<u>\$ 35,450</u>

Business-type activities:

Capital assets being depreciated:				
Equipment	\$ 6,621	\$ -	\$ -	\$ 6,621
Less accumulated depreciation for:				
Equipment	<u>(6,621)</u>	<u>-</u>	<u>-</u>	<u>(6,621)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 40 as follows:

Governmental activities:	
Instructional services	<u>\$ 13,145</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The Regional Office of Education No. 40 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2020>; 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 from 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, 2024. One program allows retiring Tier 1 members

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT FUND COMMITMENTS** (Continued)

A. **Teachers' Retirement System of the State of Illinois** (Continued)

Benefits Provided (Continued)

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.

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, 2020, 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. 40.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 40. For the year ended June 30, 2021, State of Illinois contributions recognized by the Regional Office of Education No. 40 were based on the State's proportionate share of the pension expense associated with the Regional Office of Education No. 40, and the Regional Office of Education No. 40 recognized revenue and expenditures of \$357,880 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, 2021, were \$2,737, and are deferred because they were paid after the June 30, 2020 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. 40, there is a statutory requirement for the Regional Office of Education No. 40 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

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, 2021, the employer pension contribution was 10.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the Regional Office of Education No. 40 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2021, the Regional Office of Education No. 40 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	\$ 42,902
State's proportionate share of the net pension liability associated with the employer	3,360,354
Total	<u>\$ 3,403,256</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020. The Regional Office of Education No. 40'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, 2020, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2020, the Regional Office of Education No. 40's proportion was 0.0000497622 percent, which was a decrease of 0.0000014331 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Regional Office of Education No. 40 recognized pension expense of \$357,880 and revenue of \$357,880 for support provided by the State. For the year ended June 30, 2021, the Regional Office of Education No. 40 recognized pension expense of \$7,090. At June 30, 2021, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 416	\$ 11
Net difference between projected and actual earnings on pension plan investments	1,281	-
Changes of assumptions	176	450
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>6,868</u>	<u>8,790</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	8,741	9,251
Employer Contributions Made Subsequent to the Measurement Date	<u>2,737</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 11,478</u></u>	<u><u>\$ 9,251</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

\$2,737 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 ending June 30, 2022. 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:

<u>Year Ending June 30,</u>	<u>Net Deferred (Inflows)/Outflows of Resources</u>
2022	\$ (3,889)
2023	1,271
2024	1,681
2025	516
2026	<u>(89)</u>
Total	<u>\$ (510)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	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, 2020 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, 2019 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	16.5%	6.1%
U.S. equities small/mid cap	2.3%	7.2%
International equities developed	12.2%	7.0%
Emerging market equities	3.0%	9.4%
U.S. bonds core	7.0%	2.2%
U.S. bonds high yield	2.5%	4.1%
International debt developed	3.1%	1.5%
Emerging international debt	3.2%	4.5%
Real estate	16.0%	5.7%
Private debt	5.2%	6.3%
Hedge funds	10.0%	4.3%
Private equity	15.0%	10.5%
Infrastructure	4.0%	6.2%
Total	<u>100.0%</u>	

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2020, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2019 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, 2020 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.

Sensitivity of the Regional Office of Education No. 40's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 40's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 40'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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 52,076	\$ 42,902	\$ 35,350

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2020 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT FUND COMMITMENTS** (Continued)

B. **Illinois Municipal Retirement Fund**

IMRF Plan Description

The Regional Office of Education No. 40'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. 40's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	9
 Total	 37

Contributions

As set by statute, the Regional Office of Education No. 40's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 40's annual contribution rate for calendar year 2020 was 10.62%. For the fiscal year 2021, the Regional Office of Education No. 40 contributed \$26,959 to the plan. The Regional Office of Education No. 40 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.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT FUND COMMITMENTS** (Continued)

B. **Illinois Municipal Retirement Fund** (Continued)

Net Pension Asset

The Regional Office of Education No. 40's net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset 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, 2020:

- 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 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, 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 2020 valuation pursuant to an experience study of the period 2017-2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For Active Members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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, 2020:

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85 - 6.95%
Cash Equivalents	1%	0.70%
 Total	 <u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balance, December 31, 2019	\$ 1,242,134	\$ 1,231,912	\$ 10,222
Changes for the year:			
Service Cost	25,120	-	25,120
Interest	88,591	-	88,591
Difference between expected and actual experience of the total pension liability	24,069	-	24,069
Changes of assumptions	(16,253)	-	(16,253)
Contributions- employer	-	28,689	(28,689)
Contributions-employees	-	12,157	(12,157)
Net investment income	-	189,348	(189,348)
Benefit payments, including refunds of employee contributions	(67,021)	(67,021)	-
Other (Net Transfer)	-	(889)	889
Net Changes	<u>54,506</u>	<u>162,284</u>	<u>(107,778)</u>
Balance, December 31, 2020	<u>\$ 1,296,640</u>	<u>\$ 1,394,196</u>	<u>\$ (97,556)</u>

Sensitivity of the Net Pension Liability (Asset) 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 (asset) 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)	<u>\$ 42,497</u>	<u>\$ (97,556)</u>	<u>\$ (204,729)</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT FUND COMMITMENTS** (Continued)

B. **Illinois Municipal Retirement Fund** (Continued)

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

For the year ended June 30, 2021, the Regional Office of Education No. 40 recognized a pension benefit of \$24,779. At June 30, 2021, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 16,290	\$ -
Net difference between projected and actual earnings on pension plan investments	-	126,710
Changes of assumptions	-	10,835
	<hr/>	<hr/>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	16,290	137,545
Pension Contributions Made Subsequent to the Measurement Date	<hr/>	<hr/>
	15,484	-
Total Deferred Amounts Related to Pensions	<hr/> <hr/>	<hr/> <hr/>
	\$ 31,774	\$ 137,545

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$15,484 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 ending June 30, 2022. 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 December 31,	Net Deferred Inflows of Resources
2021	\$ 37,849
2022	17,468
2023	45,747
2024	20,191
Total	\$ 121,255

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

9. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

THIS Plan Description

The Regional Office of Education No. 40 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

THIS Plan Description (Continued)

Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the 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. 40. For the year ended June 30, 2021, State of Illinois contributions recognized by the Regional Office of Education No. 40 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 40, and recognized revenue and expenditures of \$16,692 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education No. 40 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the years ended June 30, 2021 through 2019 and 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2021, the Regional Office of Education No. 40 paid \$4,342 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2020, 2019 and 2018, the Regional Office of Education No. 40 paid \$3,848, \$3,678 and \$2,829 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."

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

Actuarial Assumptions

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

- The inflation rate was assumed to be 2.50%.
- Salary increases depend 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.
- The investment rate of return was assumed to be 0%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates were based on expected increases used to develop average costs for fiscal year 2020. For fiscal years after 2020, trend starts at 8.25% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of 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, 2019 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 were discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 2.45 percent as of June 30, 2020, and 3.13 percent as of June 30, 2019.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher 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. 40'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 (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.45%</u>	<u>2.45%</u>	<u>3.45%</u>
Employer's proportionate share of the collective net OPEB liability	<u>\$ 531,155</u>	<u>\$ 442,018</u>	<u>\$ 371,268</u>

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. 40's net OPEB liability as of June 30, 2020, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the collective net OPEB liability	<u>\$ 355,458</u>	<u>\$ 442,018</u>	<u>\$ 558,858</u>

^a One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.

^b One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

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

At June 30, 2021, the Regional Office of Education No. 40 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. 40. The amount recognized by the Regional Office of Education No. 40 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. 40 were as follow:

Employer's proportionate share of the collective net OPEB liability	\$ 442,018
State's proportionate share of the collective net OPEB liability associated with the employer	<u>598,863</u>
Total	<u>\$1,040,881</u>

The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and was rolled forward to the June 30, 2020 measurement date. The Regional Office of Education No. 40's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 40's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 40, actuarially determined. At June 30, 2020, the Regional Office of Education No. 40's proportion was 0.001653 percent, which was an increase of 0.000027 from its proportion measured as of June 30, 2019 (0.001626 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2021, the Regional Office of Education No. 40 recognized OPEB expense of \$16,692 and revenue of \$16,692 for support provided by the State. For the year ending June 30, 2021, the Regional Office of Education No. 40 recognized OPEB expense of \$32,853. At June 30, 2021, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,744
Changes of assumptions	150	72,910
Net difference between projected and actual earnings on OPEB investments	-	13
Changes in proportion and differences between employer contributions and proportionate share of contributions	109,378	99
Employer contributions subsequent to the measurement date	<u>4,342</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 113,870</u>	<u>\$ 84,766</u>

\$4,342 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 40's 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, 2022. 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. 40's OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$ 3,378
2023	3,378
2024	3,378
2025	3,378
2026	3,378
Thereafter	<u>7,872</u>
Total	<u>\$ 24,762</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2020, is available in the separately issued THIS Financial Report.

B. **Other Postemployment Benefits**

Plan Description

The Regional Office of Education No. 40 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF or TRS retirement plans. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees – IMRF

Tier I IMRF Full-Time employees:

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

Tier II IMRF Full-Time employees:

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

Full-Time Employees – TRS

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Benefits Provided

The Regional Office of Education No. 40 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 40 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 40 offers various types of coverage through Egyptian Area Schools Employee Benefit Trust to full-time IMRF and TRS employees. Coverage becomes secondary to Medicare once eligible. Retirees may continue coverage in retirement past Medicare eligibility, 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. If the Retiree elects outside coverage (such as that offered through the Teacher Health Insurance Security Fund), the Regional Office of Education No. 40 does not pay for any portion of the premium in retirement nor provide a reimbursement/stipend for insurance costs.

The Regional Office of Education No. 40 provides dental, vision, and life insurance coverage to all eligible employees in accordance with Illinois Compiled Statutes. Retirees may continue dental or vision coverage into retirement. The retiree is responsible for the full premium cost of coverage for the dental and vision plans. Life insurance is not available to retirees.

Membership

At June 30, 2021 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	-
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	<u>19</u>
TOTAL	<u>19</u>

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liability is 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 \$3,290 from other Regional Office of Education No. 40 resources and benefit payments of \$3,290 from other Regional Office of Education No. 40 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, 2020 actuarial valuation date and adjusted to the June 30, 2021 measurement date based on procedures that conform to generally accepted actuarial principles and practices.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

B. Other Postemployment Benefits (Continued)

Actuarial Assumptions

- The discount rate used for the Total OPEB liability was 2.21% for beginning of year and 2.16% for end of year.
- The long-term expected rate of return on plan assets is not applicable as the OPEB obligation is unfunded.
- The high quality 20 year tax-exempt G.O. bond rate was 2.21% for beginning of year and 2.16% for end of year.
- The salary increase assumption of 2.50% was based on a review of the IMRF Experience Study Report dated November 8, 2017 and TRS Experience Study Report dated September 18, 2018.
- Premiums charged for coverage of retiree and spouse for both under age 65 and age 65-&-Over depend upon the plan:
 - Plan A – Retiree \$12,388 and Spouse \$13,212
 - Plan B – Retiree \$11,264 and Spouse \$11,864
 - Plan C – Retiree \$9,676 and Spouse \$10,358
 - Plan D – Retiree \$8,254 and Spouse \$8,686
 - Plan E1 – Retiree \$10,380 and Spouse \$11,040
- The initial healthcare trend rate is based on the 2020 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2021, trend starts at 6.80% for Plans A, B, C, and E1, and 7.00% for Plan D, and gradually decreases to an ultimate trend of 5.00% for all Plans.
- Retiree contribution rates are the same as Healthcare Trend Rates.

IMRF mortality rates use the RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017 using age 85 for males and age 88 for females. TRS mortality rates use RP-2014 with White Collar Adjustment and MP-2017 Improvement, weighted per TRS Experience Study Report dated September 18, 2018 using age 88 for males and age 89 for females.

The retirement rates based on rates from the IMRF Experience Study Report dated November 8, 2017 and the TRS Experience Study Report dated September 18, 2018 were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at assumed 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 3 participants impacted by this assumption.

The mortality rates were used to estimate the assumed ages 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, July 1, 2020	\$ 44,812
Changes for the period:	
Service Cost	2,600
Interest	954
Actuarial Experience	-
Assumptions Changes	144
Plan Changes	-
Contributions- employer	-
Contributions-employee	-
Net investment income	-
Benefit payments	(3,290)
Administrative Expense	-
Net Changes	408
Balance, June 30, 2021	\$ 45,220

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 assets 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, 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 net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments.

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year rate is 2.21% and the end of year rate is 2.16%. 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.

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 40's total OPEB liability calculated using a discount rate of 2.16%, as well as what the Regional Office of Education No. 40's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (3.16%) or 1-percentage-point lower (1.16%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Employer Total OPEB Liability	<u>\$ 51,867</u>	<u>\$ 45,220</u>	<u>\$ 39,742</u>

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 40's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Regional Office of Education No. 40's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 6.80% for Plans A, B, C, and E1, and 7.00% for Plan D in 2021 decreasing to an ultimate trend rate of 5.00% in 2031.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Sensitivity of the Healthcare Trend Rates (Continued)

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Total OPEB Liability	\$ 38,991	\$ 45,220	\$ 52,728

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

For the year ending June 30, 2021, the Regional Office of Education No. 40 recognized OPEB expense of \$3,698. At June 30, 2021, the Regional Office of Education No. 40 reported no deferred outflows of resources and deferred inflows of resources related to this OPEB plan.

10. NONCURRENT LIABILITIES (ASSETS)

Capital Lease

During the fiscal year ended June 30, 2020, the Regional Office of Education No. 40 entered into a lease agreement to finance the acquisition of a copier. This lease agreement qualified as a capital lease for accounting purposes. The gross amount of assets recorded under the capital lease is \$5,315 and the accumulated depreciation as of June 30, 2021 was \$1,772. The lease includes an end of term purchase option of \$1.

The future minimum lease obligations and the net present value of these payments as of June 30, 2021 was as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,060	\$ 44	\$ 1,104
2023	1,076	28	1,104
2024	1,092	12	1,104
2025	187	-	187
Total	\$ 3,415	\$ 84	\$ 3,499

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

10. NONCURRENT LIABILITIES (ASSETS) (Continued)

Noncurrent Liability (Asset) Activity

The following is a summary of the changes in the Regional Office of Education No. 40's noncurrent liabilities (assets):

	Balance <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2021</u>	Amounts Due Within <u>One Year</u>
Net pension liability - TRS	\$ 41,524	\$ 1,378	\$ -	\$ 42,902	\$ -
Net pension liability (asset) - IMRF	10,222	-	107,778	(97,556)	-
Net OPEB liability - THIS	450,138	-	8,120	442,018	-
OPEB liabilities - Health Insurance	44,812	408	-	45,220	-
Capital lease payable	<u>4,457</u>	<u>-</u>	<u>1,042</u>	<u>3,415</u>	<u>1,060</u>
 Total noncurrent liabilities	 <u>\$ 551,153</u>	 <u>\$ 1,786</u>	 <u>\$ 116,940</u>	 <u>\$ 435,999</u>	 <u>\$ 1,060</u>

Payments on the net pension liability - TRS and the net OPEB liability - THIS are made by the governmental and proprietary funds. Payments on the net pension liability (asset) – IMRF, OPEB liabilities – Health Insurance, and capital lease payable are made by the governmental funds.

11. ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 40:

State of Illinois:	
Regional Superintendent - salary	\$ 117,288
Regional Superintendent - benefits (includes State paid insurance)	21,273
Assistant Regional Superintendent - salary	105,564
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>38,298</u>
	<u>\$ 282,423</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education No. 40 also recorded \$357,880 (based on figures for the fiscal year ended June 30, 2020) 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 \$16,692 for their share of the Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 40 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 282,423
On-behalf payments for the Regional Office of Education's share of TRS pension expense	357,880
On-behalf payments for the Regional Office of Education's share of THIS OPEB expense	<u>16,692</u>
Total	<u>\$ 656,995</u>

12. RISK MANAGEMENT

The Regional Office of Education No. 40 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 40 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

13. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 40 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 40 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

14. CONTINGENCIES

The Regional Office of Education No. 40 has received funding from federal and State grants in the current and prior years, which are subject to audits by granting agencies. The Regional Office of Education No. 40 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 40's operations.

15. DEFICIT FUND BALANCE

The following fund had a negative fund balance as of June 30, 2021:

Workshops	\$ (36,190)
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The deficit fund balance will be eliminated during the fiscal year ending June 30, 2022 by transferring funds to reduce this deficit fund balance.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

16. RESTATEMENT

The implementation of GASB 84 provides that a liability to the beneficiaries of the fiduciary activity be recognized when an event has occurred that compels the government to disburse the fiduciary resources. This change has required the restatement of the fiduciaries beginning net position. See below for the effect of these changes:

Fiduciary Funds

Net position, beginning of the year	\$ -
Reclass part of Central Illinois Rural Region Career & Technical Education System's prior year liability to net position	<u>20,260</u>
Net position, beginning of the year, restated	<u>\$ 20,260</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES REGIONAL OFFICE OF EDUCATION NO. 40
ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (UNAUDITED)
For the years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016, 2015, and 2014)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service cost	\$ 25,120	\$ 21,849	\$ 17,709	\$ 18,275	\$ 20,135	\$ 20,012	\$ 23,686
Interest on the total pension liability	88,591	85,546	82,276	81,102	70,529	70,881	64,919
Difference between expected and actual experience of the total pension liability	24,069	996	16,337	19,999	112,218	(55,660)	(15,388)
Changes of assumptions	(16,253)	-	31,273	(36,631)	-	-	35,418
Benefit payments, including refunds of employee contributions	(67,021)	(69,046)	(64,402)	(69,229)	(52,725)	(27,248)	(28,115)
Net change in total pension liability	<u>54,506</u>	<u>39,345</u>	<u>83,193</u>	<u>13,516</u>	<u>150,157</u>	<u>7,985</u>	<u>80,520</u>
Total pension liability - beginning	<u>1,242,134</u>	<u>1,202,789</u>	<u>1,119,596</u>	<u>1,106,080</u>	<u>955,923</u>	<u>947,938</u>	<u>867,418</u>
Total pension liability - ending (A)	<u>1,296,640</u>	<u>1,242,134</u>	<u>1,202,789</u>	<u>1,119,596</u>	<u>1,106,080</u>	<u>955,923</u>	<u>947,938</u>
Plan Fiduciary Net Position							
Contributions - employer	28,689	20,153	27,128	11,042	16,093	17,857	30,180
Contributions - employees	12,157	10,887	9,925	8,465	8,155	8,998	9,879
Net investment income	189,348	212,205	(43,765)	169,558	85,206	(10,160)	51,159
Benefit payments, including refunds of employee contributions	(67,021)	(69,046)	(64,402)	(69,229)	(52,725)	(27,248)	(28,115)
Other (net transfer)	(889)	(1,079)	(828)	(913)	(1,246)	1,428	(675)
Net change in plan fiduciary net position	<u>162,284</u>	<u>173,120</u>	<u>(71,942)</u>	<u>118,923</u>	<u>55,483</u>	<u>(9,125)</u>	<u>62,428</u>
Plan fiduciary net position - beginning	<u>1,231,912</u>	<u>1,058,792</u>	<u>1,130,734</u>	<u>1,011,811</u>	<u>956,328</u>	<u>965,453</u>	<u>903,025</u>
Plan fiduciary net position - ending (B)	<u>1,394,196</u>	<u>1,231,912</u>	<u>1,058,792</u>	<u>1,130,734</u>	<u>1,011,811</u>	<u>956,328</u>	<u>965,453</u>
Net pension liability/(asset) -ending (A)-(B)	<u>\$ (97,556)</u>	<u>\$ 10,222</u>	<u>\$ 143,997</u>	<u>\$ (11,138)</u>	<u>\$ 94,269</u>	<u>\$ (405)</u>	<u>\$ (17,515)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.52%	99.18%	88.03%	100.99%	91.48%	100.04%	101.85%
Covered Payroll	\$ 270,144	\$ 241,928	\$ 220,557	\$ 188,102	\$ 181,224	\$ 199,967	\$ 219,532
Net Pension Liability as a Percentage of Covered Payroll	-36.11%	4.23%	65.29%	-5.92%	52.02%	-0.20%	-7.98%

Notes to Schedules: These schedules are 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.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES REGIONAL OFFICE OF EDUCATION NO. 40
ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (Concluded) (UNAUDITED)
For the years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016, 2015, and 2014)

Changes in assumptions:

- For 2014, changes are primarily from adopting an IMRF specific mortality tables with fully generational projection scale MP-2014 (base year 2014) developed from the RP-2014 mortality tables.
- For 2015, changes are primarily from a change in the calculated single discount rate from 7.49% in 2014 to 7.47% in 2015.
- For 2016, changes are primarily from a change in the calculated single discount rate from 7.47% in 2015 to 7.50% in 2016.
- For 2017, changes are primarily from adopting an IMRF specific mortality tables with fully generational projection scale MP-2017 (base year 2015) developed from the RP-2014 mortality tables.
- For 2018, the assumed investment rate of return was lowered from 7.50% to 7.25%.
- For 2020, changes are primarily from adopting the Pub-2010, amount weighted, general mortality tables for retirees and active members.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 22,778	\$ 22,778	\$ -	\$ 197,166	11.55%
2016	16,625	16,625	-	186,666	8.91%
2017	13,680	13,680	-	185,659	7.37%
2018	18,928	18,928	-	203,473	9.30%
2019	23,869	23,869	-	233,193	10.24%
2020	24,851	24,851	-	260,027	9.56%
2021	26,959	26,959	-	287,871	9.36%

Notes to Schedule:

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate*

Valuation Date:

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 2020 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	23-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Concluded)
(UNAUDITED)**

For the years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Methods and Assumptions Used to Determine 2020 Contribution Rates: (Concluded)

Mortality: For non-disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, IMRF specific mortality rates were 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, IMRF specific mortality rates were 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:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2018, actuarial valuation; note two-year lag between valuation and rate setting.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS -
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)**

For the years ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015)

(Amounts presented are for the years ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014)

	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000497622%	0.0000511953%	0.0000449028%	0.0000362294%	0.0000873035%	0.0000483380%	0.0001700755%
Employer's proportionate share of the net pension liability	\$ 42,902	\$ 41,524	\$ 34,999	\$ 27,679	\$ 68,914	\$ 31,666	\$ 103,505
State's proportionate share of the net pension liability associated with the employer	3,360,354	2,955,188	2,397,609	2,034,514	1,994,848	1,323,866	1,566,428
Total	\$ 3,403,256	\$ 2,996,712	\$ 2,432,608	\$ 2,062,193	\$ 2,063,762	\$ 1,355,532	\$ 1,669,933
Employer's covered payroll	\$ 418,252	\$ 399,745	\$ 321,528	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.3%	10.4%	10.9%	10.1%	25.0%	14.9%	34.5%
Plan fiduciary net position as a percentage of the total pension liability	37.8%	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

The amounts presented for each fiscal year were determined as of the prior fiscal year end.

Notes to Schedules:

Changes of assumptions

For the 2020-2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit and were consistent in 2019 and 2020. These actuarial assumptions were based on an experience study dated September 18, 2018. 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS-
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30,**

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 2,737	\$ 2,586	\$ 2,319	\$ 4,003	\$ 1,594	\$ 3,256	\$ 1,694	\$ 6,084
Contributions in relation to the statutorily-required contribution	2,737	2,586	2,319	4,003	1,594	3,256	1,694	6,068
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 16</u>						
Employer's covered payroll	\$ 471,907	\$ 418,252	\$ 399,745	\$ 321,528	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Contributions as a percentage of covered payroll	0.6%	0.6%	0.6%	1.2%	0.6%	1.2%	0.8%	2.0%

The information on both TRS schedules will accumulate until a full 10 year trend is presented as required by GASB Statement No. 68.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S HEALTH INSURANCE SECURITY FUND
SCHEDULES OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 4,342	\$ 3,848	\$ 3,678	\$ 2,829	\$ 2,308	\$ 1,978
Contributions in relation to the statutorily-required contribution	<u>4,342</u>	<u>3,848</u>	<u>3,678</u>	<u>2,829</u>	<u>2,308</u>	<u>1,978</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Employer's covered payroll	\$ 471,907	\$ 418,252	\$ 399,745	\$ 321,528	\$ 274,783	\$ 275,424
Contributions as a percentage of covered payroll	0.9%	0.9%	0.9%	0.9%	0.8%	0.7%

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S HEALTH INSURANCE SECURITY FUND
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
(UNAUDITED)**

**For the years ended June 30, 2021, 2020, 2019, 2018 and 2017
(Amounts presented are for the years ended June 30, 2020, 2019, 2018, 2017 and 2016)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.001653%	0.001626%	0.001356%	0.001194%	0.001102%
Employer's proportionate share of the collective net OPEB liability	\$ 442,018	\$ 450,138	\$ 357,332	\$ 309,981	\$ 301,268
State's proportionate share of the collective net OPEB liability associated with the employer	598,863	609,618	479,749	407,023	417,739
Total	<u><u>\$ 1,040,881</u></u>	<u><u>\$ 1,059,756</u></u>	<u><u>\$ 837,081</u></u>	<u><u>\$ 717,004</u></u>	<u><u>\$ 719,007</u></u>
Employer's covered payroll	\$ 418,252	\$ 399,745	\$ 321,528	\$ 274,783	\$ 275,424
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	105.68%	112.61%	111.14%	112.81%	109.38%
Plan fiduciary net position as a percentage of the total OPEB liability	0.70%	0.25%	-0.07%	-0.17%	-0.22%

The amounts presented for each fiscal year were determined as of the prior fiscal year end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

	Measurement year	
	<u>2020</u>	<u>2019</u>
Inflation	2.50 percent	2.50 percent
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.	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.
Healthcare cost trend rates	Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend starts at 8.25% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of the Excise Tax.	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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULES OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2021, 2020, 2019 and 2018

	2021	2020	2019	2018
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Contributions in relation to the				
Actuarially Determined Contribution	-	-	-	-
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Employer's covered employee payroll	\$ 837,196	\$ 640,110	\$ 731,979	\$ 462,599
Contributions as a percentage of covered employee payroll	0.0%	0.0%	0.0%	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 40 did make contributions from other Regional Office of Education No. 40 resources in the current year in the amount of \$3,290.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)**

For the years ended June 30, 2021, 2020, 2019 and 2018

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 2,600	\$ 972	\$ 2,806	\$ 2,701
Interest on the total OPEB liability	954	933	818	724
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience of the total OPEB liability	-	10,298	-	-
Changes of assumptions	144	11,036	653	-
Benefit payments	(3,290)	(3,290)	(1,081)	(921)
Net change in total OPEB liability	408	19,949	3,196	2,504
Total OPEB liability - beginning	44,812	24,863	21,667	19,163
Total OPEB liability - ending	\$ 45,220	\$ 44,812	\$ 24,863	\$ 21,667
Covered Payroll	\$ 837,196	\$ 640,110	\$ 731,979	\$ 462,599
Total OPEB Liability as a Percentage of Covered Payroll	5.40%	7.00%	3.40%	4.68%

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.

Changes to Benefit Terms

There have been no changes of benefit terms from the prior period.

Changes in Assumptions

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 2.21% to 2.16% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Regional Office of Education No. 40 does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the total OPEB liability was also changed from 2.21% to 2.16%.

SUPPLEMENTARY INFORMATION

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2021**

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>
ASSETS				
Cash and cash equivalents	\$ 2,741	\$ 8,753	\$ 2,414	\$ 6,636
Due from other funds	-	-	-	21,794
Due from other governments	1,591	2,857	-	18,491
Total assets	<u>\$ 4,332</u>	<u>\$ 11,610</u>	<u>\$ 2,414</u>	<u>\$ 46,921</u>
LIABILITIES				
Accounts payable	\$ 114	\$ -	\$ -	\$ 524
Total liabilities	<u>114</u>	<u>-</u>	<u>-</u>	<u>524</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Unassigned	<u>4,218</u>	<u>11,610</u>	<u>2,414</u>	<u>46,397</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,332</u>	<u>\$ 11,610</u>	<u>\$ 2,414</u>	<u>\$ 46,921</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2021**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
ASSETS				
Cash and cash equivalents	\$ 60,545	\$ 98,720	\$ 16,571	\$ 196,380
Due from other funds	-	-	-	21,794
Due from other governments	4,228	23,333	-	50,500
Total assets	<u>\$ 64,773</u>	<u>\$ 122,053</u>	<u>\$ 16,571</u>	<u>\$ 268,674</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 638
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>638</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	17,500	-	17,500
Total deferred inflows of resources	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
FUND BALANCES				
Unassigned	<u>64,773</u>	<u>104,553</u>	<u>16,571</u>	<u>250,536</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,773</u>	<u>\$ 122,053</u>	<u>\$ 16,571</u>	<u>\$ 268,674</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2021**

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
Revenues:				
Local sources	\$ 2,629	\$ 17,143	\$ 13,475	\$ 32,914
State sources	-	82,177	-	300,463
On-behalf payments	282,423	-	-	-
Interest	43	-	-	-
Total revenues	285,095	99,320	13,475	333,377
Expenditures:				
Instructional services:				
Salaries	-	80,376	3,627	255,203
Benefits	555	16,783	1,403	38,337
Purchased services	-	32,235	5,648	47,179
Supplies and materials	-	618	13	372
Pension expense	-	3,242	377	6,322
OPEB expense	-	465	-	5,198
On-behalf payments	282,423	-	-	-
Total expenditures	282,978	133,719	11,068	352,611
Net change in fund balances	2,117	(34,399)	2,407	(19,234)
Fund balances, beginning of year	2,101	46,009	7	65,631
Fund balances, end of year	\$ 4,218	\$ 11,610	\$ 2,414	\$ 46,397

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2021**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Revenues:				
Local sources	\$ 65,376	\$ 69,598	\$ -	\$ 201,135
State sources	-	-	-	382,640
On-behalf payments	-	-	-	282,423
Interest	-	-	-	43
Total revenues	65,376	69,598	-	866,241
Expenditures:				
Instructional services:				
Salaries	48,300	39,018	-	426,524
Benefits	16,026	3,720	-	76,824
Purchased services	1,696	995	-	87,753
Supplies and materials	40	6	-	1,049
Pension expense	3,794	3,695	-	17,430
OPEB expense	-	-	-	5,663
On-behalf payments	-	-	-	282,423
Total expenditures	69,856	47,434	-	897,666
Net change in fund balance	(4,480)	22,164	-	(31,425)
Fund balances, beginning of year	69,253	82,389	16,571	281,961
Fund balances, end of year	<u>\$ 64,773</u>	<u>\$ 104,553</u>	<u>\$ 16,571</u>	<u>\$ 250,536</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2021**

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services	Truants Alternative/ Optional Education
ASSETS					
Cash and cash equivalents	\$ 3,307	\$ 3,008	\$ 4,308	\$ 1,000	\$ 2,805
Due from other governments	13,615	-	-	-	-
Total assets	\$ 16,922	\$ 3,008	\$ 4,308	\$ 1,000	\$ 2,805
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 2,916	\$ -	\$ 57
Due to other funds	13,615	-	-	-	-
Due to other governments	3,307	-	1,148	-	2,748
Unearned revenue	-	3,000	-	-	-
Total liabilities	16,922	3,000	4,064	-	2,805
FUND BALANCES					
Restricted	-	8	244	1,000	-
Total fund balances	-	8	244	1,000	-
Total liabilities and fund balances	\$ 16,922	\$ 3,008	\$ 4,308	\$ 1,000	\$ 2,805

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2021**

	<u>Regional Safe School Cooperative Education</u>	<u>ICCB CURES Grant</u>	<u>ESSER Grants</u>	<u>Digital Equity</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 1,600	\$ -	\$ -	\$ -	\$ 16,028
Due from other governments	-	-	3,740	-	17,355
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 3,740</u>	<u>\$ -</u>	<u>\$ 33,383</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,973
Due to other funds	-	-	3,740	-	17,355
Due to other governments	1,600	-	-	-	8,803
Unearned revenue	-	-	-	-	3,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,600</u>	<u>-</u>	<u>3,740</u>	<u>-</u>	<u>32,131</u>
FUND BALANCES					
Restricted	-	-	-	-	1,252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,252</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 3,740</u>	<u>\$ -</u>	<u>\$ 33,383</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2021**

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services	Truants Alternative/ Optional Education
Revenues:					
State sources	\$ 61,136	\$ 60,748	\$ 111,450	\$ -	\$ 100,651
Federal sources	34,399	-	-	-	-
Total revenues	<u>95,535</u>	<u>60,748</u>	<u>111,450</u>	<u>-</u>	<u>100,651</u>
Expenditures:					
Instructional services:					
Salaries	70,851	44,608	50,817	-	74,992
Benefits	16,205	1,431	11,698	-	6,129
Purchased services	1,855	8,841	33,679	-	12,714
Supplies and materials	3,445	5,527	10,054	-	1,006
Other	-	-	3,227	-	-
Pension expense	3,011	211	924	-	4,077
OPEB expense	168	238	9	-	12
Intergovernmental:					
Payments to other governments	-	-	-	4,648	1,721
Capital outlay	-	-	-	-	-
Debt service:					
Repayment of long term lease payable	-	-	1,042	-	-
Total expenditures	<u>95,535</u>	<u>60,856</u>	<u>111,450</u>	<u>4,648</u>	<u>100,651</u>
Net change in fund balances	-	(108)	-	(4,648)	-
Fund balances, beginning of year	<u>-</u>	<u>116</u>	<u>244</u>	<u>5,648</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 244</u>	<u>\$ 1,000</u>	<u>\$ -</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2021**

	Regional Safe School Cooperative Education	ICCB CURES Grant	ESSER Grants	Digital Equity	Total
Revenues:					
State sources	\$ 36,335	\$ -	\$ -	\$ -	\$ 370,320
Federal sources	-	1,600	4,711	32,262	72,972
Total revenues	36,335	1,600	4,711	32,262	443,292
Expenditures:					
Instructional services:					
Salaries	27,265	-	2,618	-	271,151
Benefits	990	-	764	-	37,217
Purchased services	3,212	-	187	1,319	61,807
Supplies and materials	3,801	1,600	971	3,605	30,009
Other	-	-	-	-	3,227
Pension expense	706	-	171	-	9,100
OPEB expense	361	-	-	-	788
Intergovernmental:					
Payments to other governments	-	-	-	-	6,369
Capital outlay	-	-	-	27,338	27,338
Debt service:					
Repayment of long term lease payable	-	-	-	-	1,042
Total expenditures	36,335	1,600	4,711	32,262	448,048
Net change in fund balances	-	-	-	-	(4,756)
Fund balances, beginning of year	-	-	-	-	6,008
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ 1,252

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS
ADULT EDUCATION PROGRAMS
June 30, 2021**

	<u>Federal Basic</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,307	\$ -	\$ 3,307
Due from other governments	13,615	-	-	13,615
Total assets	<u>\$ 13,615</u>	<u>\$ 3,307</u>	<u>\$ -</u>	<u>\$ 16,922</u>
LIABILITIES				
Due to other funds	\$ 13,615	\$ -	\$ -	\$ 13,615
Due to other governments	-	3,307	-	3,307
Total liabilities	13,615	3,307	-	16,922
FUND BALANCES				
Restricted	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	<u>\$ 13,615</u>	<u>\$ 3,307</u>	<u>\$ -</u>	<u>\$ 16,922</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ADULT EDUCATION PROGRAMS
For the year ended June 30, 2021**

	Federal Basic	State Basic	State Performance	Total
Revenues:				
State sources	\$ -	\$ 48,081	\$ 13,055	\$ 61,136
Federal sources	34,399	-	-	34,399
Total revenues	34,399	48,081	13,055	95,535
Expenditures				
Instructional services:				
Salaries	25,826	34,489	10,536	70,851
Benefits	4,131	9,979	2,095	16,205
Purchased services	676	915	264	1,855
Supplies and materials	3,105	340	-	3,445
Pension expense	655	2,282	74	3,011
OPEB expense	6	76	86	168
Total expenditures	34,399	48,081	13,055	95,535
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 34,399	\$ 34,399	\$ 34,399
Expenditures:			
Instructional services:			
Salaries	26,131	26,131	25,826
Benefits	6,382	6,382	4,131
Purchased services	600	600	676
Supplies and materials	1,286	1,286	3,105
Pension expense	-	-	655
OPEB expense	-	-	6
Total expenditures	34,399	34,399	34,399
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 48,081	\$ 48,081	\$ 48,081
Expenditures:			
Instructional services:			
Salaries	30,585	30,585	34,489
Benefits	12,478	12,478	9,979
Purchased services	796	796	915
Supplies and materials	4,222	4,222	340
Pension expense	-	-	2,282
OPEB expense	-	-	76
Total expenditures	48,081	48,081	48,081
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 13,055	\$ 13,055	\$ 13,055
Expenditures:			
Instructional services:			
Salaries	11,227	11,227	10,536
Benefits	1,828	1,828	2,095
Purchased services	-	-	264
Pension expense	-	-	74
OPEB expense	-	-	86
Total expenditures	13,055	13,055	13,055
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 63,748	\$ 63,748	\$ 60,748
Expenditures:			
Instructional services:			
Salaries	43,975	43,975	44,608
Benefits	1,148	1,148	1,431
Purchased services	8,912	8,912	8,841
Supplies and materials	6,713	6,713	5,527
Pension expense	-	-	211
OPEB expense	-	-	238
Capital outlay	3,000	3,000	-
Total expenditures	63,748	63,748	60,856
Net change in fund balance	\$ -	\$ -	(108)
Fund balance, beginning of year			116
Fund balance, end of year			\$ 8

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the year ended June 30, 2021**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 112,598	\$ 112,598	\$ 111,450
Total revenues	112,598	112,598	111,450
Expenditures:			
Instructional services:			
Salaries	50,671	50,671	50,817
Benefits	12,200	12,200	11,698
Purchased services	36,008	36,008	33,679
Supplies and materials	9,719	9,719	10,054
Other	4,000	4,000	3,227
Pension expense	-	-	924
OPEB expense	-	-	9
Debt service:			
Repayment of long term lease payable	-	-	1,042
Total expenditures	112,598	112,598	111,450
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			244
Fund balance, end of year			\$ 244

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 103,399	\$ 103,399	\$ 100,651
Expenditures:			
Instructional services:			
Salaries	74,837	74,837	74,992
Benefits	10,037	10,037	6,129
Purchased services	13,725	13,725	12,714
Supplies and materials	1,000	1,000	1,006
Pension expense	-	-	4,077
OPEB expense	-	-	12
Intergovernmental:			
Payments to other governments	3,800	3,800	1,721
Total expenditures	103,399	103,399	100,651
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION
For the year ended June 30, 2021**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 37,935	\$ 37,935	\$ 36,335
Expenditures:			
Instructional services:			
Salaries	24,450	27,225	27,265
Benefits	1,863	2,076	990
Purchased services	7,622	3,234	3,212
Supplies and materials	4,000	5,400	3,801
Pension expense	-	-	706
OPEB expense	-	-	361
Total expenditures	37,935	37,935	36,335
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ICCB CURES GRANT
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,600	\$ 1,600	\$ 1,600
Expenditures:			
Instructional services:			
Supplies and materials	1,600	1,600	1,600
Total expenditures	1,600	1,600	1,600
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ESSER GRANTS
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 4,711	\$ 4,711	\$ 4,711
Expenditures:			
Instructional services:			
Salaries	2,618	2,618	2,618
Benefits	935	935	764
Purchased services	187	187	187
Supplies and materials	971	971	971
Pension expense	-	-	171
Total expenditures	4,711	4,711	4,711
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
DIGITAL EQUITY
For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 32,269	\$ 32,269	\$ 32,262
Expenditures:			
Instructional services:			
Purchased services	-	1,319	1,319
Supplies and materials	3,441	3,441	3,605
Capital outlay	28,828	27,509	27,338
Total expenditures	32,269	32,269	32,262
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2021**

	<u>Bus Driver Permit Fund</u>	<u>General Education Development Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 17,275	\$ 1,045	\$ 18,320
Total assets	<u>\$ 17,275</u>	<u>\$ 1,045</u>	<u>\$ 18,320</u>
 LIABILITIES			
Accounts payable	\$ 264	\$ -	\$ 264
Total liabilities	<u>264</u>	<u>-</u>	<u>264</u>
 FUND BALANCES			
Restricted	<u>17,011</u>	<u>1,045</u>	<u>18,056</u>
Total liabilities and fund balances	<u>\$ 17,275</u>	<u>\$ 1,045</u>	<u>\$ 18,320</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2021**

	<u>Bus Driver Permit Fund</u>	<u>General Education Development Fund</u>	<u>Total</u>
Revenues:			
Local sources	\$ 3,690	\$ 7,228	\$ 10,918
State sources	1,327	-	1,327
Total revenues	<u>5,017</u>	<u>7,228</u>	<u>12,245</u>
Expenditures:			
Instructional services:			
Salaries	107	3,627	3,734
Benefits	37	1,372	1,409
Purchased services	3,277	1,004	4,281
Supplies and materials	124	38	162
Pension expense	6	371	377
Total expenditures	<u>3,551</u>	<u>6,412</u>	<u>9,963</u>
Net change in fund balances	1,466	816	2,282
Fund balances, beginning of year	<u>15,545</u>	<u>229</u>	<u>15,774</u>
Fund balances, end of year	<u>\$ 17,011</u>	<u>\$ 1,045</u>	<u>\$ 18,056</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2021**

	Administrators' Academy	Olympiad Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 319	\$ 16,130	\$ 16,449
Total assets	319	16,130	16,449
LIABILITIES	-	-	-
NET POSITION			
Unrestricted	319	16,130	16,449
Total net position	\$ 319	\$ 16,130	\$ 16,449

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2021**

	Administrators' Academy	Olympiad Fund	Total
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Operating expenses:			
Salaries	-	3,045	3,045
Benefits	-	1,652	1,652
Purchased services	-	72	72
Total operating expenses	-	4,769	4,769
Operating loss	-	(4,769)	(4,769)
Net position - beginning of year	319	20,899	21,218
Net position - end of year	\$ 319	\$ 16,130	\$ 16,449

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2021**

	Administrators Academy	Olympiad Fund	Total
Cash flows from operating activities:			
Collection of fees	\$ -	\$ -	\$ -
Payments to suppliers and providers for goods and services	-	(72)	(72)
Payments to employees	-	(4,697)	(4,697)
	-	(4,769)	(4,769)
Net cash used for operating activities	-	(4,769)	(4,769)
Net decrease in cash and cash equivalents	-	(4,769)	(4,769)
Cash and cash equivalents - beginning of year	319	20,899	21,218
Cash and cash equivalents - end of year	\$ 319	\$ 16,130	\$ 16,449
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ -	\$ (4,769)	\$ (4,769)
Adjustments to reconcile operating loss to net cash used for operating activities:	-	-	-
	-	-	-
Net cash used for operating activities	\$ -	\$ (4,769)	\$ (4,769)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021**

	<u>Central Illinois Rural Region Career & Technical Education System</u>	<u>Trustee Fund</u>	<u>School Facility Sales Tax</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 57,648	\$ 1,000	\$ -	\$ 58,648
Due from other governments	<u>-</u>	<u>-</u>	<u>1,513,533</u>	<u>1,513,533</u>
Total assets	<u>57,648</u>	<u>1,000</u>	<u>1,513,533</u>	<u>1,572,181</u>
LIABILITIES				
Due to other governments	<u>-</u>	<u>-</u>	<u>1,513,533</u>	<u>1,513,533</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,513,533</u>	<u>1,513,533</u>
NET POSITION				
Restricted for individuals, organizations and other governments	<u>57,648</u>	<u>1,000</u>	<u>-</u>	<u>58,648</u>
Total net position	<u>\$ 57,648</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 58,648</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the year ended June 30, 2021**

	Central Illinois Rural Region Career & Technical Education System	Trustee Fund	School Facility Sales Tax	Totals
Additions:				
Local sources				
Program fees	\$ -	\$ 2,000	\$ -	\$ 2,000
Flow-through sales tax payments from State	-	-	5,086,652	5,086,652
Payments from Illinois State Board of Education				
State	373,577	-	-	373,577
Federal	107,220	-	-	107,220
	<u>480,797</u>	<u>2,000</u>	<u>5,086,652</u>	<u>5,569,449</u>
Deductions:				
Program expense	443,409	1,000	-	444,409
Flow-through sales tax payments to local districts	-	-	5,086,652	5,086,652
	<u>443,409</u>	<u>1,000</u>	<u>5,086,652</u>	<u>5,531,061</u>
Net increase in fiduciary net position	37,388	1,000	-	38,388
Net position, beginning of year, restated (see Note 16)	<u>20,260</u>	<u>-</u>	<u>-</u>	<u>20,260</u>
Net position, end of year	<u>\$ 57,648</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 58,648</u>