

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

**FINANCIAL AUDIT
For the year ended June 30, 2022**

**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:

225 E. Nicholas Street
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	5	7
Repeated audit findings	4	1
Prior recommendations implemented or not repeated	3	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)			
2022-001	11A	Delay of Audit	Noncompliance
2022-002	11C	Controls over Cash	Material Weakness
2022-003	11D	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant Deficiency
2022-004	11F	Grant Reporting Noncompliance	Noncompliance
2022-005	11H	Controls Over Payroll	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2021-003	13	Controls over Financial Statement Preparation	Material Weakness
2021-005	13	Controls over Review of Journal Entries	Material Weakness
2021-006	13	Controls over Census Data for Teachers' Retirement System of the State of Illinois	Significant Deficiency

**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, 2022. 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 Miranda Powell, comptroller, via email on September 27, 2023.

**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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Mattoon, Illinois 61938

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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the cash basis 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, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis 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, 2022, and the respective changes in cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. Beginning with the year ended June 30, 2022, the financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also 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 fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that in performing an audit in accordance with GAAS and *Government Auditing Standards*, we will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements. The cash basis 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.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 on the cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 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
December 20, 2023



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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 cash basis 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, 2022, 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 December 20, 2023.

Report on 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and 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 2022-002 and 2022-005 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 deficiency described in the accompanying Schedule of Findings and Responses as finding 2022-003 to be a significant deficiency.

Report on 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 2022-001 and 2022-004.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's responses to the findings identified in our audit and 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
December 20, 2023

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, 2022**

Financial Statements in accordance with the Cash Basis of accounting

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? X yes 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, 2022**

FINDING NO. 2022-001 – Delay of Audit (Repeat of Finding 21-001)

Criteria/Specific Requirement:

Regional Office of Education No. 40 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. The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen to change to the cash basis of accounting for financial statement reporting.

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.

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 October 18, 2022.

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, 2022**

FINDING NO. 2022-001 – Delay of Audit (Repeat of Finding 21-001) (Continued)

Cause:

Unexpected staff turnover.

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, on the cash basis of accounting, or on the modified cash basis of accounting. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

ROE 40 shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits no later than August 31st.

**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, 2022**

FINDING NO. 2022-002 – Controls over Cash (Repeat of Finding 21-002)

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:

Monthly reconciliations for May and June 2022 were not prepared timely and had to be prepared by the ROE's hired CPA firm when they were closing the books at year end. In addition, the initially prepared and approved bank reconciliations for the months of July 2021 through April 2022 were completed but had significant unexplained variances when comparing the book balance per the reconciliation to the book balance per the general ledger.

Effect:

Failure to prepare accurate 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:

Unexpected staff turnover.

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:

ROE 40 will reconcile all bank statements every month and correct any discrepancies in a timely manner and management will review bank reconciliations and document their review each month after the reconciliation has been completed.

**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, 2022**

FINDING NO. 2022-003 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Repeat of Finding 21-004)

Criteria/Specific Requirement:

The Regional Office of Education No. 40 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:

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:

ROE 40 was unaware of third party service providers review of internal controls associated with our outsourced systems.

**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, 2022**

FINDING NO. 2022-003 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Repeat of Finding 21-004) (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:

ROE 40 shall 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. ROE 40 shall 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. ROE 40 shall monitor and document the operation of the CUECs relevant ROE 40's operations and 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, 2022**

FINDING NO. 2022-004 – Grant Reporting Noncompliance (Repeat of Finding 21-007)

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.

The ROE is responsible for establishing and maintaining an internal control system over the completion of timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education. The Illinois State Board of Education requires expenditure reports to be filed within 20 days of the applicable end of each quarter.

Condition:

During the course of the audit, auditors noted that 13 of the 25 (52%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Eight of the quarterly expenditure reports were submitted 2 days late and five expenditure reports were submitted 97 days late.

In addition, auditors noted that the expenditures reported on the final expenditure reports for the Digital Equity and Social Emotional Learning grants did not agree to the expenditures recorded in the general ledger. Expenditures reported on the Digital Equity grant's expenditure report included \$4,076 of capital outlay expenditures misclassified as supplies and materials. Actual expenditures recorded in the general ledger for the Social Emotional Learning grant exceeded expenditures reported on the grant's expenditure report by \$17,873.

Effect:

Lack of timely filed expenditure reports could result in a delay of grant funding. In addition, noncompliance with grant requirements could lead to the granting agency requesting reimbursement or the loss of grants for future periods.

Cause:

Unexpected staff turnover.

Auditors' Recommendation:

The ROE should implement adequate internal controls to ensure that expenditure reports are submitted timely and to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger.

**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, 2022**

FINDING NO. 2022-004 – Grant Reporting Noncompliance (Repeat of Finding 21-007) (Continued)

Management's Response:

The ROE shall implement adequate internal controls to ensure that expenditure reports are submitted timely and to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger.

**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, 2022**

FINDING NO. 2022-005 – Controls over Payroll

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (ROE) is responsible for establishing and maintaining an internal control system over payroll to prevent errors or fraud. In addition, the *Grant Accountability and Transparency Act (GATA)* 30 ILCS 708/1 establishes that State grant programs are subject to the requirements set forth in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance (2 CFR 200.430) requires charges for salaries and benefits to be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, and properly allocated. It also requires records to be used to support the distribution of employee salaries and benefits among specific activities if the employee works on multiple programs. It further states that budget estimates alone do not qualify as support for salary and benefit expenditures charged to federal and State grants.

Condition:

During the course of audit fieldwork, auditors noted the following:

- The ROE did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. The ROE budgeted amounts at the beginning of the year to allocate payroll expense to each fund; however, the ROE never reconciled the amounts expensed in the general ledger to the employees' submitted timesheets. Therefore, the ROE was unable to determine the reasonableness of the allocation of salaries and benefits amongst federal and State programs.
- While closing the books, the ROE's hired CPA firm noted that the bookkeeper incorrectly set up payroll deductions related to a new insurance plan provided by the ROE. Due to the error, the ROE under-withheld \$23,349 from employees' payroll checks. The insurance plan started July 1, 2021 and the issue was not caught and remedied until after the end of fiscal year 2022. While the ROE's hired CPA firm did catch the issue, the issue was pervasive and was not remedied timely.
- Two out of the twenty-four (8%) payroll disbursements tested did not have a completed direct deposit authorization form available. In addition, it was noted that for four out of the twenty-four (16%) payroll disbursements tested, the recalculated gross pay amount per the employee's contract did not agree to the gross pay amount reported on the employee's paycheck.

**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, 2022**

FINDING NO. 2022-005 – Controls over Payroll (Continued)

Effect:

Since time and effort documentation was not used to allocate the salary and benefit costs of certain employees, there is an increased risk the salary and benefit costs charged to the various federal and State programs do not reflect the actual time worked on the programs. In addition, due to the controls over payroll deductions not operating effectively, the ROE could improperly calculate payroll deductions resulting in employees' getting paid incorrect amounts as well as financial statement misstatements. Also, due to controls over payroll not operating effectively, employees' compensation received could not agree to what the employee's contract requires and the direct deposit information used to pay employees could be inaccurate.

Cause:

The time and effort system that was in place was not adequate enough and incorrectly setup for payroll deductions related to a new insurance plan and did not distribute salary and benefit costs for employees pay from multiple funding sources. In addition, the missing direct deposit authorizations and employee gross pay recalculation issues were due to simple oversights by ROE staff.

Auditors' Recommendation:

We recommend the ROE use time and effort documentation to distribute salary and benefit costs for all employees. We recommend the ROE implement the necessary controls over payroll to ensure that payroll deductions are being calculated properly. Also, we recommend that the ROE maintain direct deposit authorizations for every employee and ensure that the employee's gross pay agrees to amounts reported in the employee's contract.

Management's Response:

After year end, the ROE began using time and effort documentation to distribute salary and benefit costs for all employees and implemented the necessary controls over payroll to ensure that payroll is being processed and deductions are being calculated properly.

**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, 2022**

Corrective Action Plan

FINDING NO. 2022-001 – Delay of Audit (Repeat of Finding 21-001)

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 October 18, 2022.

Plan:

ROE 40 shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits no later than August 31st.

Anticipated Date of Completion:

Fiscal Year 2023

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, 2022**

Corrective Action Plan

FINDING NO. 2022-002 - Controls over Cash (Repeat of Finding 21-002)

Condition:

Monthly reconciliations for May and June 2022 were not prepared timely and had to be prepared by the ROE's hired CPA firm when they were closing the books at year end. In addition, the initially prepared and approved bank reconciliations for the months of July 2021 through April 2022 were completed but had significant unexplained variances when comparing the book balance per the reconciliation to the book balance per the general ledger.

Plan:

ROE 40 will reconcile all bank statements every month and correct any discrepancies in a timely manner and management will review bank reconciliations and document their review each month after the reconciliation has been completed.

Anticipated Date of Completion:

Fiscal Year 2023

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, 2022**

Corrective Action Plan

FINDING NO. 2022-003 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Repeat of Finding 21-004)

Condition:

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:

ROE 40 shall 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. ROE 40 shall 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. ROE 40 shall monitor and document the operation of the CUECs relevant ROE 40's operations and review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

Anticipated Date of Completion:

Fiscal Year 2023

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, 2022**

Corrective Action Plan

FINDING NO. 2022-004 – Grant Reporting Noncompliance (Repeat of Finding 21-007)

Condition:

During the course of the audit, auditors noted that 13 of the 25 (52%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Eight of the quarterly expenditure reports were submitted 2 days late and five expenditure reports were submitted 97 days late.

In addition, auditors noted that the expenditures reported on the final expenditure reports for the Digital Equity and Social Emotional Learning grants did not agree to the expenditures recorded in the general ledger. Expenditures reported on the Digital Equity grant's expenditure report included \$4,076 of capital outlay expenditures misclassified as supplies and materials. Actual expenditures recorded in the general ledger for the Social Emotional Learning grant exceeded expenditures reported on the grant's expenditure report by \$17,873.

Plan:

The ROE shall implement adequate internal controls to ensure that expenditures reports are submitted timely and to ensure that expenditures reported on the expenditure reports agree to the actual expenditures recorded in the general ledger.

Anticipated Date of Completion:

Fiscal Year 2023

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, 2022**

Corrective Action Plan

FINDING NO. 2022-005 – Controls over Payroll

Condition:

During the course of audit fieldwork, auditors noted the following:

- The ROE did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. The ROE budgeted amounts at the beginning of the year to allocate payroll expense to each fund; however, the ROE never reconciled the amounts expensed in the general ledger to the employees' submitted timesheets. Therefore, the ROE was unable to determine the reasonableness of the allocation of salaries and benefits amongst federal and State programs.
- While closing the books, the ROE's hired CPA firm noted that the bookkeeper incorrectly set up payroll deductions related to a new insurance plan provided by the ROE. Due to the error, the ROE under-withheld \$23,349 from employees' payroll checks. The insurance plan started July 1, 2021 and the issue was not caught and remedied until after the end of fiscal year 2022. While the ROE's hired CPA firm did catch the issue, the issue was pervasive and was not remedied timely.
- Two out of the twenty-four (8%) payroll disbursements tested did not have a completed direct deposit authorization form available. In addition, it was noted that for four out of the twenty-four (16%) payroll disbursements tested, the recalculated gross pay amount per the employee's contract did not agree to the gross pay amount reported on the employee's paycheck.

Plan:

ROE will use time and effort documentation to distribute salary and benefit costs for all employees and will implement the necessary controls over payroll to ensure that payroll is being processed and deductions are being calculated properly.

Anticipated Date of Completion:

Fiscal Year 2023

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, 2022**

2021-003	<p>Controls over Financial Statement Preparation</p> <p>During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over compliance requirements. Auditors noted that financial statements were properly prepared.</p>	Not repeated
2021-005	<p>Controls over Review of Journal Entries</p> <p>During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over compliance requirements. Auditors noted that journal entries were properly approved by administration before being posted.</p>	Not repeated
2021-006	<p>Controls over Census Data for Teachers' Retirement System of the State of Illinois</p> <p>During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over compliance requirements. Auditors noted that census data reported to TRS agrees to the ROE's payroll documentation.</p>	Not repeated

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION – CASH BASIS
June 30, 2022**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 130,721	\$ 21,223	\$ 151,944
Total current assets	130,721	21,223	151,944
 NET POSITION			
Restricted for educational purposes	161,749	-	161,749
Unrestricted	(31,028)	21,223	(9,805)
Total net position	\$ 130,721	\$ 21,223	\$ 151,944

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 – CASH BASIS
For the year ended June 30, 2022**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
FUNCTIONS/PROGRAMS						
Governmental activities:						
Instructional services:						
Salaries	\$ 829,924	\$ -	\$ 549,183	\$ (280,741)	\$ -	\$ (280,741)
Benefits	95,047	-	63,285	(31,762)	-	(31,762)
Purchased services	460,424	-	296,991	(163,433)	-	(163,433)
Supplies and materials	37,205	-	23,197	(14,008)	-	(14,008)
Other	4,189	-	2,716	(1,473)	-	(1,473)
Pension expense	23,445	-	18,926	(4,519)	-	(4,519)
OPEB expense	2,958	-	2,284	(674)	-	(674)
Intergovernmental:						
Payments to other governments	4,622	-	4,622	-	-	-
Capital Outlay	19,960	-	16,960	(3,000)	-	(3,000)
Total governmental activities	<u>1,477,774</u>	<u>-</u>	<u>978,164</u>	<u>(499,610)</u>	<u>-</u>	<u>(499,610)</u>
Business-type activities						
Instructional	<u>74,654</u>	<u>83,869</u>	<u>-</u>	<u>-</u>	<u>9,215</u>	<u>9,215</u>
Total primary government	<u>\$ 1,552,428</u>	<u>\$ 83,869</u>	<u>\$ 978,164</u>	<u>\$ (499,610)</u>	<u>9,215</u>	<u>\$ (490,395)</u>
General revenues:						
				283,816	-	283,816
				490	-	490
				<u>284,306</u>	<u>-</u>	<u>284,306</u>
				(215,304)	9,215	(206,089)
				<u>346,025</u>	<u>12,008</u>	<u>358,033</u>
				<u>\$ 130,721</u>	<u>\$ 21,223</u>	<u>\$ 151,944</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 – CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2022**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
ASSETS			
Cash and cash equivalents	\$ 252,924	\$ (254,766)	\$ 115,830
Total assets	<u>\$ 252,924</u>	<u>\$ (254,766)</u>	<u>\$ 115,830</u>
FUND BALANCES			
Restricted	\$ -	\$ 27,564	\$ 115,830
Unassigned	<u>252,924</u>	<u>(282,330)</u>	<u>-</u>
Total fund balances (deficits)	<u>\$ 252,924</u>	<u>\$ (254,766)</u>	<u>\$ 115,830</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 – CASH BASIS (Concluded)
GOVERNMENTAL FUNDS
June 30, 2022**

	Bus Driver Permit Fund	Nonmajor Special Revenue Fund - General Education Development Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 18,355	\$ (1,622)	\$ 130,721
Total assets	\$ 18,355	\$ (1,622)	\$ 130,721
FUND BALANCES			
Restricted	\$ 18,355	\$ -	\$ 161,749
Unassigned	-	(1,622)	(31,028)
Total fund balances (deficits)	\$ 18,355	\$ (1,622)	\$ 130,721

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 – CASH BASIS
GOVERNMENTAL FUNDS
For the year ended June 30, 2022**

	General Fund	Education Fund	Institute Fund
Revenues:			
Local sources	\$ 234,706	\$ 15,292	\$ 22,162
State sources	443,785	315,233	-
Federal sources	-	217,814	-
Interest	490	-	-
	<u>678,981</u>	<u>548,339</u>	<u>22,162</u>
Expenditures:			
Instructional services:			
Salaries	475,312	344,993	7,119
Benefits	71,990	22,242	103
Purchased services	78,658	366,594	9,528
Supplies and materials	827	36,162	3
Other	-	4,189	-
Pension expense	16,224	6,698	339
OPEB expense	1,220	1,641	97
Intergovernmental:			
Payments to other governments	-	4,622	-
Capital outlay	-	14,638	-
	<u>644,231</u>	<u>801,779</u>	<u>17,189</u>
Net change in fund balances	34,750	(253,440)	4,973
Fund balances (deficits), beginning of year, (as restated, see Note 4)	<u>218,174</u>	<u>(1,326)</u>	<u>110,857</u>
Fund balances (deficits), end of year	<u>\$ 252,924</u>	<u>\$ (254,766)</u>	<u>\$ 115,830</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 – CASH BASIS (Concluded)
GOVERNMENTAL FUNDS
For the year ended June 30, 2022**

	Bus Driver Permit Fund	Nonmajor Special Revenue Fund - General Education Development Fund	Total Governmental Funds
Revenues:			
Local sources	\$ 3,245	\$ 8,411	\$ 283,816
State sources	1,332	-	760,350
Federal sources	-	-	217,814
Interest	-	-	490
	<u>4,577</u>	<u>8,411</u>	<u>1,262,470</u>
Expenditures:			
Instructional services:			
Salaries	-	2,500	829,924
Benefits	-	712	95,047
Purchased services	3,454	2,190	460,424
Supplies and materials	43	170	37,205
Other	-	-	4,189
Pension expense	-	184	23,445
OPEB expense	-	-	2,958
Intergovernmental:			
Payments to other governments	-	-	4,622
Capital outlay	-	5,322	19,960
	<u>3,497</u>	<u>11,078</u>	<u>1,477,774</u>
Net change in fund balances	1,080	(2,667)	(215,304)
Fund balances (deficits), beginning of year, (as restated, see Note 4)	<u>17,275</u>	<u>1,045</u>	<u>346,025</u>
Fund balances (deficits), end of year	<u>\$ 18,355</u>	<u>\$ (1,622)</u>	<u>\$ 130,721</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 NET POSITION – CASH BASIS
PROPRIETARY FUNDS
June 30, 2022**

	Business-Type Activities			
	Enterprise Funds			
			Nonmajor Fund - Adminstrators' Academy	Total Funds
	Workshops	Olympiad Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,774	\$ 16,130	\$ 319	\$ 21,223
Total assets	4,774	16,130	319	21,223
 NET POSITION				
Unrestricted	4,774	16,130	319	21,223
Total net position	\$ 4,774	\$ 16,130	\$ 319	\$ 21,223

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 –
CASH BASIS
PROPRIETARY FUNDS
For the year ended June 30, 2022**

	Business-Type Activities			Total Funds
	Enterprise Funds			
	Workshops	Olympiad Fund	Nonmajor Fund - Administrators' Academy	
Operating revenues:				
Charges for services	\$ 83,869	\$ -	\$ -	\$ 83,869
Operating expenses:				
Salaries	32,618	-	-	32,618
Benefits	473	-	-	473
Purchased services	40,267	-	-	40,267
Supplies and materials	489	-	-	489
Pension expense	539	-	-	539
OPEB expense	268	-	-	268
Total operating expenses	74,654	-	-	74,654
Operating income	9,215	-	-	9,215
Net position (deficit) - beginning of year, restated	(4,441)	16,130	319	12,008
Net position - end of year	\$ 4,774	\$ 16,130	\$ 319	\$ 21,223

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 – CASH BASIS
FIDUCIARY FUNDS
June 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 537,170
Total assets	<u>537,170</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>537,170</u>
Total net position	<u><u>\$ 537,170</u></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 – CASH BASIS
FIDUCIARY FUNDS
For the Year Ended June 30, 2022**

	<u>Custodial Funds</u>
Additions:	
Local sources	
Program fees	\$ 1,000
Flow-through sales tax payments from State	6,028,239
Payments from Illinois State Board of Education	
State	351,372
Federal	<u>120,479</u>
Total additions	<u>6,501,090</u>
Deductions:	
Program expense	523,989
Flow-through sales tax payments to local districts	<u>5,498,579</u>
Total deductions	<u>6,022,568</u>
Net increase in fiduciary net position	478,522
Net position, beginning of year	<u>58,648</u>
Net position, end of year	<u><u>\$ 537,170</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 accounting policies and presentation of the basic financial statements of the Regional Office of Education No. 40 have been prepared in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As more fully disclosed in Notes 1 and 4, as of July 1, 2021, the Regional Office of Education No. 40 changed its basis of accounting to the cash basis special purpose framework from generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant accounting policies.

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.

**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

The government-wide financial statements (i.e., the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis) 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.

The Statement of Net Position – Cash Basis includes all of the Regional Office of Education No. 40's assets. The Statement of Activities – Cash Basis 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 – Cash Basis and the proprietary fund Statement of Net Position – Cash Basis, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Cash Basis and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position – Cash Basis. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position – Cash Basis have been eliminated.

Governmental fund financial statements include a Balance Sheet – Cash Basis and a Statement of Revenues, Expenditures, and Changes in Fund Balances – Cash Basis for all major governmental funds and nonmajor funds aggregated.

Proprietary fund financial statements include a Statement of Net Position – Cash Basis and a Statement of Revenues, Expenses, and Changes in Fund Net Position - Cash 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 Cash Basis Statement of Activities and Net Position and the fund financial statements are presented using a cash basis of accounting. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. This basis recognizes receipts and disbursements when they result from cash transactions. Fiduciary fund financial statements also report using this same focus and basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, capital assets, the post-employment liabilities and related expenses, deferred inflows and deferred outflows, if applicable, are not recorded in these financial statements.

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 and administrative expenses. 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.

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.

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)

General Fund (Continued)

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 Regional Office of Education No. 40 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.

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.

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)

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.

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.

Social Emotional Learning – This fund accounts for federal monies received from the Illinois State Board of Education to be used for social emotional learning and trauma response.

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.

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)

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.

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

Non-major Fund - 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.

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) 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 and the Olympiad Fund as major enterprise funds and the other as a nonmajor enterprise fund:

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

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.

**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 (continued)

Non-Major Fund - 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.

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, Liabilities, 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.

The Regional Office of Education No. 40 does not have a formal investment policy. 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. Equity Classifications

Government-wide and Proprietary Fund Statements

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

Restricted net position – results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet – Cash Basis and the General Fund and Education Fund Combining Schedules of Accounts – Cash Basis.

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

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

D. **Assets, Liabilities, and Net Position or Fund Balance** (Continued)

2. **Equity Classifications** (Continued)

Governmental Fund Statements (Continued)

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 and Bus Driver Permit Fund. The following accounts' fund balances are restricted by donor restrictions: Adult Education Programs, Regional Safe Schools, ROE/ISC Operations, Teen Parent Services, Truants Alternative/Optional Education, and Regional Safe School Cooperative Education.

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, Regional Initiative, Social Emotional Learning, ESSER Grants, Digital Equity, and General Education Development Fund.

E. **New Accounting Pronouncements**

For the fiscal year ended June 30, 2022, the Regional Office of Education No. 40 implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statement No. 14 and No. 84*, and a *Supersession of GASB Statement No. 32*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*. The implementation of these GASB Statements had no significant impact on the Regional Office of Education No. 40's financial statements.

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

NOTES TO 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.

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 are also prepared for certain grants awarded through other pass-through entities. Budgetary Comparison Schedules have been presented for the following grants: Regional Safe Schools, ROE/ISC Operations, Truants Alternative/Optional Education, Regional Safe School Cooperative Education, Social Emotional Learning Grant, ESSER Grants, and Digital Equity.

3. DEPOSITS AND INVESTMENTS

At June 30, 2022, the carrying amount of the Regional Office of Education No. 40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$130,721, \$21,223, and \$537,170, respectively. The bank balances, excluding the Illinois Funds, for the governmental activities, business-type activities, and fiduciary funds totaled \$222,689 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 \$5,122 and bank balance of \$609,540 for the governmental activities at June 30, 2022. This amount is fully collateralized and not subject to credit risk.

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

NOTES TO FINANCIAL STATEMENTS

4. CHANGE IN ACCOUNTING PRINCIPLES

As of July 1, 2021, the Regional Office of Education No. 40 adopted the cash basis of accounting. The financial statements had previously been prepared using the generally accepted accounting principles, using full accrual accounting for the government-wide, proprietary fund, and fiduciary fund statements and the modified accrual basis of accounting for the governmental fund type financial statements. The cash and cash equivalents, net position, and fund balances have been restated as of June 30, 2021 as follows:

	Governmental Activities	Business-Type Activities
Net Position, June 30, 2021, as previously reported	\$ (45,037)	\$ (19,741)
Reverse current asset accruals	(67,855)	-
Reverse capital assets	(35,450)	-
Reverse noncurrent asset accruals	(97,556)	-
Reverse deferred outflow of resources	(148,348)	(8,776)
Reverse current liability accruals	16,739	-
Reverse noncurrent liability accruals	498,552	33,943
Reverse deferred inflow of resources	224,980	6,582
Net Position, beginning of the year, as restated	<u>\$ 346,025</u>	<u>\$ 12,008</u>

	General Fund	Education Fund	Institute Fund	Bus Driver Permit Fund	Nonmajor Special Revenue Fund - General Education Development Fund	Total Governmental Funds
Fund Balance, June 30, 2021, as previously reported	\$ 250,536	\$ 1,252	\$ 110,857	\$ 17,011	\$ 1,045	\$ 380,701
Reverse current asset accruals	(50,500)	(17,355)	-	-	-	(67,855)
Reverse current liability accruals	638	14,777	-	264	-	15,679
Reverse deferred inflows of resources	17,500	-	-	-	-	17,500
Fund Balance, beginning of the year, as restated	<u>\$ 218,174</u>	<u>\$ (1,326)</u>	<u>\$ 110,857</u>	<u>\$ 17,275</u>	<u>\$ 1,045</u>	<u>\$ 346,025</u>

	Workshops	Olympiad Fund	Nonmajor Fund - Administrators' Academy	Total Business-Type Activities
Fund Balance, June 30, 2021, as previously reported	\$ (36,190)	\$ 16,130	\$ 319	\$ (19,741)
Reverse deferred outflow of resources	(8,776)	-	-	(8,776)
Reverse noncurrent liability accruals	33,943	-	-	33,943
Reverse deferred inflows of resources	6,582	-	-	6,582
Fund Balance, beginning of the year, as restated	<u>\$ (4,441)</u>	<u>\$ 16,130</u>	<u>\$ 319</u>	<u>\$ 12,008</u>

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

NOTES TO FINANCIAL STATEMENTS

5. 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/acfrs/fy2021>; 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 to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase.

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

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT FUND COMMITMENTS (Continued)

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

Benefits Provided (Continued)

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, 2021, 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.

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 due for the year ended June 30, 2022 were \$3,363 and the Regional Office of Education No. 40 only made contributions of \$2,975 for an underpayment of \$388.

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.

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, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$117,690 were paid from federal and special trust funds that required employer contributions of \$12,134. The Regional Office of Education No. 40 did not remit any contributions through June 30, 2022 for an underpayment of \$12,134.

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

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

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, 2022, 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.

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

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

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

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

Benefits Provided (Continued)

final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	11
Inactive Plan Members entitled to but not yet receiving benefits	18
Active Plan Members	<u>11</u>
Total	<u>40</u>

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 2021 was 8.32% and for the calendar year 2022 the rate is 6.13%. For the fiscal year 2022, the Regional Office of Education No. 40 contributed \$21,009 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
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NOTES TO FINANCIAL STATEMENTS

6. **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.

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.

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 0.67 percent during the years ended June 30, 2022 and 0.92 during the years ended June 30, 2021, 2020 and 2019. For the year ended June 30, 2022, the Regional Office of Education No. 40 paid \$3,226 to the THIS Fund resulting in an underpayment of \$659. For the years ended June 30, 2021, 2020 and 2019, 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.

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

NOTES TO FINANCIAL STATEMENTS

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Further information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

B. Other Postemployment Benefits

Plan Description

The Region office of Education No. 40 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the TRS or IMRF 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 Statements Nos. 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 Provision

Retirees who participate in the TRS or IMRF retirement plans. See Note 5 for specific eligibility requirements for these plans.

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 the health insurance plan to full-time TRS or IMRF employees. Retirees pay the full cost of coverage. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the 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.

Membership

There are no members participating in this plan.

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

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

NOTES TO FINANCIAL STATEMENTS

7. 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	\$ 118,932
Regional Superintendent - benefits (includes State paid insurance)	22,899
Assistant Regional Superintendent - salary	107,040
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>38,033</u>
	<u>\$ 286,904</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). Because the Regional Office of Education No. 40 prepares their financial statements in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, the on-behalf payments are not reflected in the Regional Office of Education No. 40's financial statements.

8. 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.

9. 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.

10. 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.

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

NOTES TO FINANCIAL STATEMENTS

11. DEFICIT FUND BALANCE

The following funds had a negative fund balance as of June 30, 2022:

Alternative Schools Fund	\$ 12,739
Social Emotional Learning	249,707
ESSER Grants	21,757
Digital Equity	10,866
General Education Development Fund	1,622

The Regional Office of Education No. 40 anticipates additional grant funding to cover these deficits.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS – CASH BASIS
GENERAL FUND
June 30, 2022**

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>
ASSETS				
Cash and cash equivalents	<u>\$ 17,580</u>	<u>\$ (12,739)</u>	<u>\$ 7,341</u>	<u>\$ 30,012</u>
Total assets	<u><u>\$ 17,580</u></u>	<u><u>\$ (12,739)</u></u>	<u><u>\$ 7,341</u></u>	<u><u>\$ 30,012</u></u>
FUND BALANCES				
Unassigned	<u>\$ 17,580</u>	<u>\$ (12,739)</u>	<u>\$ 7,341</u>	<u>\$ 30,012</u>
Total fund balances (deficits)	<u><u>\$ 17,580</u></u>	<u><u>\$ (12,739)</u></u>	<u><u>\$ 7,341</u></u>	<u><u>\$ 30,012</u></u>

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

**COMBINING SCHEDULE OF ACCOUNTS – CASH BASIS (Concluded)
GENERAL FUND
June 30, 2022**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
ASSETS				
Cash and cash equivalents	\$ 71,170	\$ 122,989	\$ 16,571	\$ 252,924
Total assets	\$ 71,170	\$ 122,989	\$ 16,571	\$ 252,924
FUND BALANCES				
Unassigned	\$ 71,170	\$ 122,989	\$ 16,571	\$ 252,924
Total fund balances (deficits)	\$ 71,170	\$ 122,989	\$ 16,571	\$ 252,924

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – CASH BASIS
GENERAL FUND ACCOUNTS
For the year ended June 30, 2022**

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
Revenues:				
Local sources	\$ 23,460	\$ 5,714	\$ 16,675	\$ 38,698
State sources	-	82,181	-	361,604
Interest	490	-	-	-
Total revenues	<u>23,950</u>	<u>87,895</u>	<u>16,675</u>	<u>400,302</u>
Expenditures:				
Instructional services:				
Salaries	-	69,979	5,000	307,066
Benefits	-	6,276	1,424	50,240
Purchased services	9,095	30,269	4,940	32,609
Supplies and materials	16	780	15	-
Pension expense	-	1,746	369	7,922
OPEB expense	-	337	-	883
Total expenditures	<u>9,111</u>	<u>109,387</u>	<u>11,748</u>	<u>398,720</u>
Net change in fund balances	14,839	(21,492)	4,927	1,582
Fund balances, beginning of year, restated	<u>2,741</u>	<u>8,753</u>	<u>2,414</u>	<u>28,430</u>
Fund balances (deficits), end of year	<u>\$ 17,580</u>	<u>\$ (12,739)</u>	<u>\$ 7,341</u>	<u>\$ 30,012</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – CASH BASIS (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2022**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Revenues:				
Local sources	\$ 61,422	\$ 88,737	\$ -	\$ 234,706
State sources	-	-	-	443,785
Interest	-	-	-	490
Total revenues	<u>61,422</u>	<u>88,737</u>	<u>-</u>	<u>678,981</u>
Expenditures:				
Instructional services:				
Salaries	37,703	55,564	-	475,312
Benefits	9,799	4,251	-	71,990
Purchased services	1,141	604	-	78,658
Supplies and materials	9	7	-	827
Pension expense	2,145	4,042	-	16,224
OPEB expense	-	-	-	1,220
Total expenditures	<u>50,797</u>	<u>64,468</u>	<u>-</u>	<u>644,231</u>
Net change in fund balance	10,625	24,269	-	34,750
Fund balances, beginning of year, restated	<u>60,545</u>	<u>98,720</u>	<u>16,571</u>	<u>218,174</u>
Fund balances (deficits), end of year	<u>\$ 71,170</u>	<u>\$ 122,989</u>	<u>\$ 16,571</u>	<u>\$ 252,924</u>

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

**COMBINING SCHEDULE OF ACCOUNTS – CASH BASIS
EDUCATION FUND
June 30, 2022**

	<u>Adult Education Programs</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>	<u>Teen Parent Services</u>	<u>Truants Alternative/ Optional Education</u>
ASSETS					
Cash and cash equivalents	\$ 3,308	\$ 3,518	\$ 1,906	\$ 1,000	\$ 14,876
Total assets	<u>\$ 3,308</u>	<u>\$ 3,518</u>	<u>\$ 1,906</u>	<u>\$ 1,000</u>	<u>\$ 14,876</u>
FUND BALANCES					
Restricted	\$ 3,308	\$ 3,518	\$ 1,906	\$ 1,000	\$ 14,876
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>\$ 3,308</u>	<u>\$ 3,518</u>	<u>\$ 1,906</u>	<u>\$ 1,000</u>	<u>\$ 14,876</u>

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

**COMBINING SCHEDULE OF ACCOUNTS – CASH BASIS (Concluded)
EDUCATION FUND
June 30, 2022**

	<u>Regional Safe School Cooperative Education</u>	<u>Social Emotional Learning</u>	<u>ESSER Grants</u>	<u>Digital Equity</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 2,956	\$ (249,707)	\$ (21,757)	\$ (10,866)	\$ (254,766)
Total assets	<u>\$ 2,956</u>	<u>\$ (249,707)</u>	<u>\$ (21,757)</u>	<u>\$ (10,866)</u>	<u>\$ (254,766)</u>
FUND BALANCES					
Restricted	\$ 2,956	\$ -	\$ -	\$ -	\$ 27,564
Unassigned	<u>-</u>	<u>(249,707)</u>	<u>(21,757)</u>	<u>(10,866)</u>	<u>(282,330)</u>
Total fund balances (deficits)	<u>\$ 2,956</u>	<u>\$ (249,707)</u>	<u>\$ (21,757)</u>	<u>\$ (10,866)</u>	<u>\$ (254,766)</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – CASH BASIS
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2022**

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services	Truants Alternative/ Optional Education
Revenues:					
Local sources	\$ -	\$ 292	\$ -	\$ -	\$ 15,000
State sources	-	63,012	111,630	-	102,730
Federal sources	13,615	-	-	-	-
Total revenues	13,615	63,304	111,630	-	117,730
Expenditures:					
Instructional services:					
Salaries	-	43,975	54,197	-	74,837
Benefits	-	591	9,969	-	5,985
Purchased services	-	8,722	37,953	-	17,045
Supplies and materials	-	5,840	4,492	-	1,300
Other	-	-	4,189	-	-
Pension expense	-	521	3,048	-	1,646
OPEB expense	-	145	184	-	224
Intergovernmental:					
Payments to other governments	-	-	-	-	4,622
Capital outlay	-	3,000	-	-	-
Total expenditures	-	62,794	114,032	-	105,659
Net change in fund balances	13,615	510	(2,402)	-	12,071
Fund balances (deficits), beginning of year, restated	(10,307)	3,008	4,308	1,000	2,805
Fund balances (deficits), end of year	<u>\$ 3,308</u>	<u>\$ 3,518</u>	<u>\$ 1,906</u>	<u>\$ 1,000</u>	<u>\$ 14,876</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – CASH BASIS (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2022**

	Regional Safe School Cooperative Education	Social Emotional Learning	ESSER Grants	Digital Equity	Total
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 15,292
State sources	37,861	-	-	-	315,233
Federal sources	-	160,779	31,440	11,980	217,814
	<u>37,861</u>	<u>160,779</u>	<u>31,440</u>	<u>11,980</u>	<u>548,339</u>
Total revenues	37,861	160,779	31,440	11,980	548,339
Expenditures:					
Instructional services:					
Salaries	28,275	99,000	44,709	-	344,993
Benefits	410	1,436	3,851	-	22,242
Purchased services	5,219	296,417	-	1,238	366,594
Supplies and materials	2,248	12,312	-	9,970	36,162
Other	-	-	-	-	4,189
Pension expense	164	658	661	-	6,698
OPEB expense	189	663	236	-	1,641
Intergovernmental:					
Payments to other governments	-	-	-	-	4,622
Capital outlay	-	-	-	11,638	14,638
	<u>36,505</u>	<u>410,486</u>	<u>49,457</u>	<u>22,846</u>	<u>801,779</u>
Total expenditures	36,505	410,486	49,457	22,846	801,779
Net change in fund balances	1,356	(249,707)	(18,017)	(10,866)	(253,440)
Fund balances (deficits), beginning of year, restated	<u>1,600</u>	<u>-</u>	<u>(3,740)</u>	<u>-</u>	<u>(1,326)</u>
Fund balances (deficits), end of year	\$ 2,956	\$ (249,707)	\$ (21,757)	\$ (10,866)	\$ (254,766)

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

**COMBINING SCHEDULE OF ACCOUNTS – CASH BASIS
ADULT EDUCATION PROGRAMS
June 30, 2022**

	<u>Federal Basic</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1	\$ 3,307	\$ -	\$ 3,308
Total assets	\$ 1	\$ 3,307	\$ -	\$ 3,308
 FUND BALANCES				
Restricted	\$ 1	\$ 3,307	\$ -	\$ 3,308
Total fund balances	\$ 1	\$ 3,307	\$ -	\$ 3,308

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – CASH BASIS
ADULT EDUCATION PROGRAMS
For the year ended June 30, 2022**

	<u>Federal Basic</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	13,615	-	-	13,615
Total revenues	<u>13,615</u>	<u>-</u>	<u>-</u>	<u>13,615</u>
Expenditures				
Instructional services:				
Salaries	-	-	-	-
Benefits	-	-	-	-
Purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Pension expense	-	-	-	-
OPEB expense	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,615	-	-	13,615
Fund balances (deficits), beginning of year, restated	<u>(13,614)</u>	<u>3,307</u>	<u>-</u>	<u>(10,307)</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 3,307</u>	<u>\$ -</u>	<u>\$ 3,308</u>

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 292
State sources	63,012	63,012	63,012
Total Revenues	<u>63,012</u>	<u>63,012</u>	<u>63,304</u>
Expenditures:			
Instructional services:			
Salaries	43,975	43,975	43,975
Benefits	1,148	1,148	591
Purchased services	8,912	8,912	8,722
Supplies and materials	5,977	5,977	5,840
Pension expense	-	-	521
OPEB expense	-	-	145
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Total expenditures	<u>63,012</u>	<u>63,012</u>	<u>62,794</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	510
Fund balance, beginning of year, restated			<u>3,008</u>
Fund balance, end of year			<u>\$ 3,518</u>

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 112,293	\$ 112,293	\$ 111,630
Total revenues	<u>112,293</u>	<u>112,293</u>	<u>111,630</u>
Expenditures:			
Instructional services:			
Salaries	54,197	54,197	54,197
Benefits	12,200	12,200	9,969
Purchased services	37,177	37,177	37,953
Supplies and materials	4,719	4,719	4,492
Other	4,000	4,000	4,189
Pension expense	-	-	3,048
OPEB expense	-	-	184
Total expenditures	<u>112,293</u>	<u>112,293</u>	<u>114,032</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(2,402)
Fund balance, beginning of year, restated			<u>4,308</u>
Fund balance, end of year			<u>\$ 1,906</u>

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 15,000
State sources	103,399	103,399	102,730
Total Revenues	103,399	103,399	117,730
Expenditures:			
Instructional services:			
Salaries	74,837	74,837	74,837
Benefits	10,037	10,037	5,985
Purchased services	13,725	13,725	17,045
Supplies and materials	1,000	1,000	1,300
Pension expense	-	-	1,646
OPEB expense	-	-	224
Intergovernmental:			
Payments to other governments	3,800	3,800	4,622
Total expenditures	103,399	103,399	105,659
Net change in fund balance	\$ -	\$ -	12,071
Fund balance, beginning of year, restated			2,805
Fund balance, end of year			\$ 14,876

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 37,861	\$ 37,861	\$ 37,861
Expenditures:			
Instructional services:			
Salaries	28,275	28,275	28,275
Benefits	2,154	2,154	410
Purchased services	4,740	4,740	5,219
Supplies and materials	2,692	2,692	2,248
Pension expense	-	-	164
OPEB expense	-	-	189
Total expenditures	37,861	37,861	36,505
Net change in fund balance	\$ -	\$ -	1,356
Fund balance, beginning of year, restated			1,600
Fund balance, end of year			\$ 2,956

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
SOCIAL EMOTIONAL LEARNING GRANT
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 857,143	\$ 1,714,286	\$ 160,779
Expenditures:			
Instructional services:			
Salaries	129,100	252,100	99,000
Benefits	35,478	53,474	1,436
Purchased services	625,865	1,360,963	296,417
Supplies and materials	63,200	46,749	12,312
Pension expense	-	-	658
OPEB expense	-	-	663
Intergovernmental:			
Payments to other governments	1,500	-	-
Capital outlay	2,000	1,000	-
Total expenditures	857,143	1,714,286	410,486
Net change in fund balance	\$ -	\$ -	(249,707)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (249,707)

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
ESSER GRANTS
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 65,679	\$ 65,679	\$ 31,440
Expenditures:			
Instructional services:			
Salaries	51,073	51,073	44,709
Benefits	12,781	12,781	3,851
Purchased services	1,825	1,825	-
Supplies and materials	-	-	-
Pension expense	-	-	661
OPEB expense	-	-	236
Total expenditures	65,679	65,679	49,457
Net change in fund balance	\$ -	\$ -	(18,017)
Fund balance (deficit), beginning of year, restated			(3,740)
Fund balance (deficit), end of year			\$ (21,757)

Note 1: Revenues from federal sources includes \$3,740 of ESSER II receipts from the prior year grant.

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

**BUDGETARY COMPARISON SCHEDULE – CASH BASIS
EDUCATION FUND ACCOUNTS
DIGITAL EQUITY
For the year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 22,846	\$ 22,846	\$ 11,980
Expenditures:			
Instructional services:			
Purchased services		1,378	1,238
Supplies and materials	5,894	5,894	9,970
Capital outlay	16,952	15,574	11,638
Total expenditures	22,846	22,846	22,846
Net change in fund balance	\$ -	\$ -	(10,866)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (10,866)

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
CUSTODIAL FUNDS
June 30, 2022**

	<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	\$ 7,454	\$ 56	\$ 529,660	\$ 537,170
Total assets	<u>7,454</u>	<u>56</u>	<u>529,660</u>	<u>537,170</u>
NET POSITION				
Restricted for individuals, organizations and other governments	<u>7,454</u>	<u>56</u>	<u>529,660</u>	<u>537,170</u>
Total net position	<u><u>\$ 7,454</u></u>	<u><u>\$ 56</u></u>	<u><u>\$ 529,660</u></u>	<u><u>\$ 537,170</u></u>

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

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CASH BASIS
CUSTODIAL FUNDS
For the year ended June 30, 2022**

	<u>Central Illinois Rural Region Career & Technical Education System</u>	<u>Trustee Fund</u>	<u>School Facility Sales Tax</u>	<u>Totals</u>
Additions:				
Local sources				
Program fees	\$ -	\$ 1,000	\$ -	\$ 1,000
Flow-through sales tax payments from State	-	-	6,028,239	6,028,239
Payments from Illinois State Board of Education				
State	351,372	-	-	351,372
Federal	120,479	-	-	120,479
	<u>471,851</u>	<u>1,000</u>	<u>6,028,239</u>	<u>6,501,090</u>
Deductions:				
Program expense	522,045	1,944	-	523,989
Flow-through sales tax payments to local districts	-	-	5,498,579	5,498,579
	<u>522,045</u>	<u>1,944</u>	<u>5,498,579</u>	<u>6,022,568</u>
Net increase (decrease) in fiduciary net position	(50,194)	(944)	529,660	478,522
Net position, beginning of year	<u>57,648</u>	<u>1,000</u>	<u>-</u>	<u>58,648</u>
Net position, end of year	<u>\$ 7,454</u>	<u>\$ 56</u>	<u>\$ 529,660</u>	<u>\$ 537,170</u>