
**STATE OF ILLINOIS
MADISON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL AUDIT
For the Year Ended June 30, 2021**

**Performed as Special Assistant Auditors
for the Office of the Auditor General
State of Illinois**

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

TABLE OF CONTENTS

| | |
|--|---|
| Officials | 1 |
| Financial Report Summary | 2 |
| Financial Statement Report Summary | 3 |

AUDITORS' REPORTS

| | |
|---|-----|
| Independent Auditors' Report | 4-6 |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 7-8 |

SCHEDULE OF FINDINGS AND RESPONSES

| | |
|--|---------|
| Section I - Summary of Auditors' Results | 9 |
| Section II – Financial Statement Findings | 10a-10d |
| Correction Action Plan for Current Year Audit Findings | 11a-11b |
| Summary Schedule of Prior Audit Findings Not Repeated | 12 |

MANAGEMENT DISCUSSION AND ANALYSIS

| | |
|--|---------|
| Management Discussion and Analysis | 13a-13g |
|--|---------|

BASIC FINANCIAL STATEMENTS

| | | |
|--|---------------------|-------|
| Statement of Net Position | EXHIBIT A | 14 |
| Statement of Activities | EXHIBIT B | 15 |
| Balance Sheet - Governmental Funds | EXHIBIT C | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Governmental Funds | EXHIBIT D | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | EXHIBIT E | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds | EXHIBIT F | 19 |
| Statement of Net Position - Proprietary Funds | EXHIBIT G | 20 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | EXHIBIT H | 21 |
| Statement of Cash Flows - Proprietary Funds | EXHIBIT I | 22 |
| Notes to the Financial Statements | | 23-52 |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

TABLE OF CONTENTS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability & Schedule of Employer Contributions. | 53 |
| Teachers' Health Insurance Security Fund – Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability & Schedule of Employer Contributions. | 54 |
| Defined Benefit Plan-Madison County Health Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios | 55 |
| Defined Benefit Plan-Madison County Health Plan – Schedule of Employer Contributions | 56 |

SUPPLEMENTARY INFORMATION

| | | |
|--|--------------|-------|
| Combining Schedule of Accounts - General Fund | SCHEDULE 1 . | 57 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts | SCHEDULE 2 . | 58 |
| Combining Schedule of Accounts - Education Fund | SCHEDULE 3 . | 59-60 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts | SCHEDULE 4 . | 61-62 |
| Budgetary Comparison Schedules - Education Fund Accounts | SCHEDULE 5 . | 63-65 |
| Combining Balance Sheet - Nonmajor Special Revenue Funds | SCHEDULE 6 . | 66 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds | SCHEDULE 7 . | 67 |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

OFFICIALS

Regional Superintendent
(current and during the audit period)

Mr. Robert W. Werden

Assistant Regional Superintendent
(current and during the audit period)

Dr. Tricia Blackard

Offices are located at:

157 N. Main Street, Suite 438
Edwardsville, Illinois 62025-1966

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

FINANCIAL REPORT SUMMARY

The financial audit testing performed during 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 | 2 | 0 |
| Repeated audit findings | 0 | 0 |
| Prior recommendations implemented or not repeated | 0 | 0 |

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

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|-----------------|-------------|--------------------|---------------------|
|-----------------|-------------|--------------------|---------------------|

FINDINGS (GOVERNMENT AUDITING STANDARDS)

| | | | |
|----------|---------|---|------------------------|
| 2021-001 | 10a-10b | Controls Over Financial Statement Preparation | Material Weakness |
| 2021-002 | 10c-10d | Lack of Adequate Controls over the Review of Internal Controls over External Service Providers | Significant Deficiency |

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

EXIT CONFERENCE

An informal exit conference was held on September 9, 2021 with the management of the Madison County Regional Office of Education No. 41. Attending were Robert Werden, Regional Superintendent, Tricia Blackard, Assistant Regional Superintendent; Robert Parker, Comptroller; Dana Ponder, Office Manager; Ashley Norton, Senior, Kemper CPA Group LLP; and Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP. The Regional Office did not request a formal exit conference. The response to the findings and recommendation was provided by Robert Parker, Comptroller on March 8, 2022.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Madison County Regional Office of Education No. 41 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Madison County Regional Office of Education No. 41's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13a-13g and the Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability & Schedule of Employer Contributions, Teachers' Health Insurance Security Fund – Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability & Schedule of Employer Contributions, Defined Benefit Plan-Madison County Health Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Defined Benefit Plan-Madison County Health Plan – Schedule of Employer Contributions on pages 53-56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, budgetary comparison schedules, and combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, budgetary comparison schedules, and combining fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022 on our consideration of the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No 41'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 the Madison County Regional Office of Education No. 41's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
April 21, 2022

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements, and have issued our report thereon dated April 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison County Regional Office of Education No. 41'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Madison County Regional Office of Education No. 41's Response to Findings

Madison County Regional Office of Education No. 41's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Madison County Regional Office of Education No. 41's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
April 21, 2022

SCHEDULE OF FINDINGS AND RESPONSES

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS’ RESULTS
JUNE 30, 2021

Financial Statements in Accordance with GAAP

| | |
|---|-------------------|
| Type of auditors’ report issued: | <i>Unmodified</i> |
| Internal control over financial reporting: | |
| • Material weakness identified? | Yes |
| • Significant deficiencies identified? | Yes |
| Noncompliance material to financial statements noted? | No |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
JUNE 30, 2021

FINDING NO. 2021-001 – Controls Over Financial Statement Preparation

Criteria/specific requirement:

Effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. Regional Office of Education No. 41 (Regional Office) has chosen to utilize the GAAP basis of accounting for financial statement reporting. Regional Office of Education No. 41 is required to maintain a system of controls over the preparation of financial statements. Regional Office of Education No. 41's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, require governments to record and present net accrued OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, and OPEB expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

Condition:

Regional Office of Education No. 41 does not have sufficient internal controls over the financial reporting process. Regional Office of Education No. 41 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct, financial statement misstatements and disclosure errors and omissions in a timely manner.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
JUNE 30, 2021

FINDING NO. 2021-001 – Controls Over Financial Statement Preparation (Concluded)

Condition (Concluded):

During review of the financial information prepared by the Regional Office of Education No. 41, the following was noted:

- Several adjustments were necessary to properly record interfund receivables, payables, and transfers.
- Several adjustments were necessary to properly adjust capital outlay to actual.
- Several adjustments were necessary to adjust individual fund cash balances and fund balances to actual.
- An adjustment was necessary to properly record the Teacher Health Insurance Security (THIS) OPEB on behalf revenue and expense.

Effect:

Regional Office of Education No. 41 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct, financial statement misstatements and disclosure errors and omissions in a timely manner.

Cause:

Regional Office management indicated they did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP. This was an oversight and was due in part to a change in its accounting department during the current fiscal year.

Recommendation:

Regional Office of Education No. 41 should implement comprehensive preparation and/or review procedures as part of their internal control over the preparation of financial statements to ensure the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable generally accepted accounting principles, GASB pronouncements, and knowledge of Regional Office of Education No. 41's activities and operations. Additionally, Regional Office of Education No. 41 management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the Regional Office and users of the Regional Office financial statements.

Management's Response:

The Regional Office agrees with the finding and corrective actions are being implemented.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
JUNE 30, 2021

FINDING NO. 2021-002 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

Criteria/specific requirement:

The Regional Office of Education No. 41 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:

The Regional Office of Education No. 41 utilizes a service provider, via Madison County, for its payroll processing.

During testing, the auditors noted the Regional Office of Education No. 41 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 any related subservice organization or performed alternative procedures to determine the impact of such services on its internal control environment.
- Documented its review of the SOC report, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 41's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 41's operations.

Effect:

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Regional Office of Education No. 41 does not have assurance the external service provider's and any subservice organization's internal controls are adequate.

Cause:

Due to personnel changes in the accounting department of the Regional Office of Education No. 41 and Madison County, a review of a current SOC report or another form of independent internal controls reviews did not occur.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
JUNE 30, 2021

FINDING NO. 2021-002 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Concluded)

Auditors' Recommendation:

We recommend the Regional Office of Education No. 41 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. 41 should:

- Obtain SOC reports or perform independent review of internal controls associated with outsourced systems, including any 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. 41, and any compensating controls.
- Monitor and documented the operation of the CUECs relevant to the Regional Office of Education No. 41's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

Management's Response:

The Regional Office agrees with the finding and corrective actions are being implemented.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
CORRECTION ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2021**

FINDING NO. 2021-001 – Controls Over Financial Statement Preparation

Condition:

Regional Office of Education No. 41 does not have sufficient internal controls over the financial reporting process. Regional Office of Education No. 41 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct, financial statement misstatements and disclosure errors and omissions in a timely manner.

During review of the financial information prepared by the Regional Office of Education No. 41, the following was noted:

- Several adjustments were necessary to properly record interfund receivables, payables, and transfers.
- Several adjustments were necessary to properly adjust capital outlay to actual.
- Several adjustments were necessary to adjust individual fund cash balances and fund balances to actual.
- An adjustment was necessary to properly record the Teacher Health Insurance Security (THIS) OPEB on behalf revenue and expense.

Plan:

Regional Office of Education No. 41's accounting staff was relatively new during this audit period. With training during the COVID-19 pandemic, the staff is more comfortable with processes and procedures at this time.

Regional Office of Education No. 41 plans to use the FY2021 journal entries as a guideline for the FY2022 journal entries. In addition, Regional Office of Education No. 41 will ask questions of its hired accounting firm as needed throughout the year.

Anticipated Date of Completion:

June 30, 2022

Name of Contact Person:

Robert Parker, Comptroller

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
CORRECTION ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2021**

FINDING NO. 2021-002 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

Condition:

The Regional Office of Education No. 41 utilizes a service provider, via Madison County, for its payroll processing.

During testing, the auditors noted the Regional Office of Education No. 41 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 any related subservice organization or performed alternative procedures to determine the impact of such services on its internal control environment.
- Documented its review of the SOC report, or performed alternative procedures, to evaluate any issues relevant to the Regional Office of Education No. 41's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the Regional Office of Education No. 41's operations.

Plan:

The Regional Office of Education No. 41 will:

- Obtain SOC reports or perform independent review of internal controls associated with outsourced systems, including any services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter within the first quarter of the fiscal year.
- 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. 41, and any compensating controls.
- Monitor and document the operation of the CUECs relevant to the Regional Office of Education No. 41's operations.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

Anticipated Date of Completion:

June 30, 2022

Name of Contact Person:

Robert Parker, Comptroller

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
JUNE 30, 2021**

There were no prior year audit findings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021

As management of Madison County Regional Office of Education No. 41, we offer readers a review of our financial statements and an analysis of the financial activities of the Regional Office of Education No. 41 for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with Regional Office of Education No. 41's financial statements, which follow this section.

2021 Financial Highlights

- The assets and deferred outflows of resources of the Regional Office of Education No. 41 exceeded its liabilities and deferred inflows of resources by \$403,181 (total net position).
- Charges for services for the governmental activities increased by \$34,445 or 6.2% and the business-type activities increased by \$42,390 or 15.0% in FY 2021. During FY 2021 there was the increase in governmental activities due to additional funding being available for McKinney Vento with COVID RELIEF monies, as well as the ROE receiving other Federal Relief monies. These increases were offset by a slight decrease in the Madison County Detention Center tuition and no revenue paid for TAOEP grant monies. The increase in business-type activities was due mainly to the activity in the testing center and the availability of summer camps for the students.
- Operating grant monies received by Regional Office of Education No. 41 increased in comparison to the prior year mainly due to the increase in McKinney Vento Grant Money, as well as the implementation of Other Federal Programs and the COVID relief grants. These were offset slightly by the elimination of the TAOEP grant for FY 2021.
- Total expenses in the governmental activities increased by \$319,208 or 10.5%. The largest cause for this increase in expenses is due to the increase in On Behalf payments and staff expenses in the educational programs.

Overview of the Financial Statements

This report consists of a series of financial statements and other information, as follows:

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education No. 41's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education No. 41 as a whole and present an overall view of the Regional Office of Education No. 41's finances.
- *Fund financial statements* illustrate how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the Regional Office of Education No. 41's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements, and other supplementary information includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts and other non-major funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021**

The Statement of Net Position and the Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of Regional Office of Education No. 41's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of Regional Office of Education No. 41's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Regional Office of Education No. 41 is improving or deteriorating.

The Statement of Activities presents information showing how Regional Office of Education No. 41's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, Regional Office of Education No. 41's activities are divided into two categories:

- *Governmental activities:* Most of Regional Office of Education No. 41's basic services, such as regular and special education instruction, instructional staff support services and administration, are included here. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities:* Regional Office of Education No. 41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences, and teacher certification.

Fund Financial Statements

The fund financial statements provide detailed information about Regional Office of Education No. 41's funds, focusing on its most significant or "major" funds, not Regional Office of Education No. 41 as a whole. Funds are accounting devices Regional Office of Education No. 41 used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. Regional Office of Education No. 41 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of Regional Office of Education No. 41 can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds account for most of Regional Office of Education No. 41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021

Governmental funds include all general and special revenue funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary Funds. Regional Office of Education No. 41 maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Regional Office of Education No. 41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology PD Fees, SIP Workshop, and ROE Administrative funds.

The proprietary funds required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Regional Office of Education No. 41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The Regional Office of Education No. 41 did not have any fiduciary funds for the year ended June 30, 2021.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. Regional Office of Education No. 41's net position at the end of FY 2021 totaled \$403,181. The analysis that follows provides a summary of the Regional Office of Education No. 41's net position as of June 30, 2021.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021**

Government-wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET POSITION

| | Governmental | | Business-type | | Total | |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| ASSETS | | | | | | |
| Current assets | \$ 1,487,714 | \$ 1,499,179 | \$ 618,239 | \$ 540,138 | \$ 2,105,953 | \$ 2,039,317 |
| Capital assets, net | 38,407 | 22,612 | 435 | 556 | 38,842 | 23,168 |
| Other noncurrent assets | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>1,000</u> | <u>1,000</u> |
| TOTAL ASSETS | <u>1,527,121</u> | <u>1,522,791</u> | <u>618,674</u> | <u>540,694</u> | <u>2,145,795</u> | <u>2,063,485</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>315,711</u> | <u>141,495</u> | <u>-</u> | <u>-</u> | <u>315,711</u> | <u>141,495</u> |
| LIABILITIES | | | | | | |
| Current liabilities | 147,349 | 145,362 | 23,018 | 4,761 | 170,367 | 150,123 |
| Noncurrent liabilities | <u>1,589,968</u> | <u>1,387,275</u> | <u>-</u> | <u>-</u> | <u>1,589,968</u> | <u>1,387,275</u> |
| TOTAL LIABILITIES | <u>1,737,317</u> | <u>1,532,637</u> | <u>23,018</u> | <u>4,761</u> | <u>1,760,335</u> | <u>1,537,398</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>297,990</u> | <u>285,182</u> | <u>-</u> | <u>-</u> | <u>297,990</u> | <u>285,182</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 38,407 | 22,612 | 435 | 556 | 38,842 | 23,168 |
| Restricted - other | 900,988 | 832,985 | - | - | 900,988 | 832,985 |
| Unrestricted | <u>(1,131,870)</u> | <u>(1,009,130)</u> | <u>595,221</u> | <u>535,377</u> | <u>(536,649)</u> | <u>(473,753)</u> |
| TOTAL NET POSITION | <u>\$ (192,475)</u> | <u>\$ (153,533)</u> | <u>\$ 595,656</u> | <u>\$ 535,933</u> | <u>\$ 403,181</u> | <u>\$ 382,400</u> |

For FY 2021, total assets and deferred outflows of resources increased by \$256,526 or 11.7% while total liabilities and deferred inflows of resources had an increase of \$235,745 or 12.9%. The change in total assets and deferred outflows of resources is mainly due to the increase in deferred outflows of resources related to OPEB. Also, the change in total liabilities and deferred inflows of resources of \$235,745 is mainly due to the increase in OPEB liabilities.

As indicated above, Regional Office of Education No. 41 reported positive net position for the combined governmental and business-type activities. The assets and deferred outflows of resources of Regional Office of Education No. 41 exceeded its liabilities and deferred inflows of resources at the close of the year by \$403,181 (net position). The net investment in capital assets was \$38,842 at the end of fiscal year 2021. Regional Office of Education No. 41 uses these capital assets in providing services to its citizens, consequently, these assets are not available for future spending. In addition, net position related to educational grants and contracts are considered restricted for educational purposes.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021**

Government-wide Financial Analysis (Continued)

CHANGES IN NET POSITION

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|----------------------------------|------------------------------------|---------------------|-------------------------------------|-------------------|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 592,167 | \$ 557,722 | \$ 325,701 | \$ 283,311 | \$ 917,868 | \$ 841,033 |
| Operating grants & contributions | <u>1,105,504</u> | <u>1,032,460</u> | - | - | <u>1,105,504</u> | <u>1,032,460</u> |
| Total program revenues | <u>1,697,671</u> | <u>1,590,182</u> | <u>325,701</u> | <u>283,311</u> | <u>2,023,372</u> | <u>1,873,493</u> |
| General revenues & gains: | | | | | | |
| Interest | 3,640 | 13,480 | 377 | 3,928 | 4,017 | 17,408 |
| Miscellaneous | - | - | - | - | - | - |
| On-behalf payments - State | 987,382 | 842,426 | - | - | 987,382 | 842,426 |
| On-behalf - Local | 617,000 | 601,165 | - | - | 617,000 | 601,165 |
| Transfers | <u>9,076</u> | - | <u>(9,076)</u> | - | - | - |
| Total general revenues & gains | <u>1,617,098</u> | <u>1,457,071</u> | <u>(8,699)</u> | <u>3,928</u> | <u>1,608,399</u> | <u>1,460,999</u> |
| Total Revenues | <u>3,314,769</u> | <u>3,047,253</u> | <u>317,002</u> | <u>287,239</u> | <u>3,631,771</u> | <u>3,334,492</u> |
| Expenses: | | | | | | |
| Salaries | 1,158,423 | 1,092,729 | 78,387 | 72,966 | 1,236,810 | 1,165,695 |
| Benefits | 236,164 | 234,606 | 10,005 | 9,356 | 246,169 | 243,962 |
| Purchased services | 125,968 | 147,666 | 155,770 | 120,815 | 281,738 | 268,481 |
| Supplies and materials | 115,528 | 39,301 | 10,633 | 10,506 | 126,161 | 49,807 |
| Other objects | 1,206 | 3,592 | 2,363 | 1,430 | 3,569 | 5,022 |
| Payments to other governments | 31,522 | 27,381 | - | - | 31,522 | 27,381 |
| Capital Expenditures | - | - | - | - | - | - |
| Depreciation | 6,078 | 3,140 | 121 | 96 | 6,199 | 3,236 |
| Pension expense (benefit) | 939 | (8,538) | - | - | 939 | (8,538) |
| OPEB expense (benefit) | 73,501 | 51,035 | - | - | 73,501 | 51,035 |
| On-behalf payments - State | 987,382 | 842,426 | - | - | 987,382 | 842,426 |
| On-behalf - Local | <u>617,000</u> | <u>601,165</u> | - | - | <u>617,000</u> | <u>601,165</u> |
| Total expenses | <u>3,353,711</u> | <u>3,034,503</u> | <u>257,279</u> | <u>215,169</u> | <u>3,610,990</u> | <u>3,249,672</u> |
| Change in net position | (38,942) | 12,750 | 59,723 | 72,070 | 20,781 | 84,820 |
| Net Position – beginning | <u>(153,533)</u> | <u>(166,283)</u> | <u>535,933</u> | <u>463,863</u> | <u>382,400</u> | <u>297,580</u> |
| Net Position – ending | <u>\$ (192,475)</u> | <u>\$ (153,533)</u> | <u>\$ 595,656</u> | <u>\$ 535,933</u> | <u>\$ 403,181</u> | <u>\$ 382,400</u> |

Governmental Activities

Total revenues for governmental activities increased by \$267,516 or 8.8% in fiscal year 2021. The increase in revenue is due to an increase in the local on behalf revenue and increase in operating grants.

Total expenditures for governmental activities increased by \$319,208 or 10.5% in FY 2021. This is mainly due to an increase in services provided and an increase in the on behalf payments.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021**

Business-type Activities

- Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the Regional Office of Education No. 41. The increase in total revenues by \$29,763 or 10.4% was due to an increase in the charges for services. The increase in the total expenditures by \$42,110 or 19.6% was mainly due to the increase in purchased services to provide the workshops and camps.

Financial Analysis of the Regional Office of Education No. 41 Funds

As previously noted, Regional Office of Education No. 41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund Highlights

The Regional Office of Education No. 41's governmental funds reported combined fund balances of \$1,338,867. This is a decrease of \$14,950 or 1.1% from last year's ending fund balance of \$1,353,817. The decrease is mainly due to increased expenditures in the operation of the school programs in FY 2021.

Proprietary Fund Highlights

The proprietary fund net position increased by \$59,723 or 11.1% from \$535,933 at June 30, 2020, to \$595,656 at June 30, 2021. The increase is mainly due to the increase in revenue incurred in the ROE Administrative account.

Budgetary Highlights

Presenting an overall budget is not a legal requirement of Regional Office of Education No. 41. Formal budgets are not adopted for all funds, therefore budgetary comparison statements are not included in the financial statements.

Regional Office of Education No. 41 is a sub-recipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

Capital Assets

At June 30, 2021, the Regional Office of Education No. 41 had invested \$38,842, net of accumulated depreciation, in computers, audio-visual equipment, cafeteria, and other office equipment. This is a net increase of \$15,674 from last year. This increase represents depreciation of equipment of \$6,199 with an addition of \$21,873 in equipment.

More detailed information about capital assets is available in Note 8 to the financial statements.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE was aware of several existing circumstances that could significantly affect its financial health in the future.

- The Regional Office of Education No. 41 plans to increase enrollment in Regional Safe School Program (RSSP) and in the Educational Therapy Center (ETC) from FY 2021 to FY 2022. The continued presence of the coronavirus resulted in a decrease in enrollment for FY21, which will likely rebound in FY22. Enrollments in Lighthouse Education Assistance Program (LEAP) suffered similarly and are expected to rebound as well.
- The Evidenced Based Funding (EBF) (formerly General State Aid - GSA) entitlement for FY 2022 will be funded at 100% and ROE #41 will realize the same EBF entitlement as FY 2021. With the implementation of Evidence-Based Funding (EBF), there could be a change in the funding received for Regional Safe School Programs (RSSP). If there is a prororation of EBF similar to past GSA prororation, the RSSP programs would receive less funds than the entitlements. A prororation of the EBF (formerly GSA) entitlement is always a possibility.
- The Regional Office of Education No. 41 anticipates no increase in revenue and corresponding expenditures in the Regional Safe School Program and the ROE/ISC Operations. As the ROE did not receive the Truant Alternative and Optional Education Project grant in FY21 those expenses were absorbed by other sources. At this time, we do not know the status of the FY 2022 allocations.
- The Regional Office of Education No. 41 is expecting to have stable employment expenditures for FY 2022, but due to statutory requirements the minimum teacher's salary will have an increase in employment expenses. To offset the expenses a small daily fee will be charged to RSSP participating districts.
- The Regional Office of Education No. 41 does not anticipate a change in revenue in the Bus Driver Training Fund for FY 2022.
- The Regional Office of Education No. 41 does not anticipate a change in revenue and expenditures in the General Education Development Fund for FY 2022.
- The Regional Office of Education No. 41 does anticipate an increase in revenue and expenditures in the business-type activities due to a full year of operation of the computer-based testing facility. The Regional Office of Education anticipates the return of the Stem Camp and the Ag Camp in the summer of 2022. An increase in the professional development activities in the SIP Enterprise Workshop programs is contingent on the status of the coronavirus.

Contacting the Regional Office's Financial Management

The financial report is designed to provide the Regional Office of Education No. 41's citizens, taxpayers, customers, and constituents with a general overview of the Regional Office of Education No. 41's finances and to demonstrate the Regional Office of Education No. 41's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Comptroller of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.

BASIC FINANCIAL STATEMENTS

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF NET POSITION
JUNE 30, 2021**

EXHIBIT A

| | Primary Government | | |
|---------------------------------------|------------------------------------|-------------------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 681,138 | \$ 518,219 | \$ 1,199,357 |
| Certificates of deposit | 606,105 | - | 606,105 |
| Accounts receivable | 716 | 2,634 | 3,350 |
| Due from (to) other funds | 47,475 | (47,475) | - |
| Due from ISBE | 18,167 | - | 18,167 |
| Due from other governments | 134,113 | 79,861 | 213,974 |
| Prepaid lease | - | 65,000 | 65,000 |
| Total current assets | <u>1,487,714</u> | <u>618,239</u> | <u>2,105,953</u> |
| Noncurrent assets: | | | |
| Security deposit | 1,000 | - | 1,000 |
| Capital assets, net | 38,407 | 435 | 38,842 |
| Total noncurrent assets | <u>39,407</u> | <u>435</u> | <u>39,842</u> |
| TOTAL ASSETS | <u>1,527,121</u> | <u>618,674</u> | <u>2,145,795</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 19,412 | - | 19,412 |
| Deferred outflows related to OPEB | 296,299 | - | 296,299 |
| Total deferred outflows of resources | <u>315,711</u> | <u>-</u> | <u>315,711</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 4,803 | 2,299 | 7,102 |
| Accrued expenses | 131,656 | 6,105 | 137,761 |
| Due to other governments | 10,890 | 14,614 | 25,504 |
| Total current liabilities | <u>147,349</u> | <u>23,018</u> | <u>170,367</u> |
| Noncurrent liabilities | | | |
| Compensated absences | 21,960 | - | 21,960 |
| Net pension liability | 79,840 | - | 79,840 |
| OPEB liabilities | 1,488,168 | - | 1,488,168 |
| Total noncurrent liabilities | <u>1,589,968</u> | <u>-</u> | <u>1,589,968</u> |
| TOTAL LIABILITIES | <u>1,737,317</u> | <u>23,018</u> | <u>1,760,335</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 21,948 | - | 21,948 |
| Deferred inflows related to OPEB | 276,042 | - | 276,042 |
| Total deferred inflows of resources | <u>297,990</u> | <u>-</u> | <u>297,990</u> |
| NET POSITION | | | |
| Net investment in capital assets | 38,407 | 435 | 38,842 |
| Restricted - other | 900,988 | - | 900,988 |
| Unrestricted | (1,131,870) | 595,221 | (536,649) |
| TOTAL NET POSITION | <u>\$ (192,475)</u> | <u>\$ 595,656</u> | <u>\$ 403,181</u> |

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---------------------|-------------------------|---|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contribution | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Primary Government | | | | | | | |
| Governmental Activities | | | | | | | |
| Instructional Services | | | | | | | |
| Salaries | \$ 1,158,423 | \$ 397,938 | \$ 749,176 | \$ - | \$ (11,309) | \$ - | \$ (11,309) |
| Benefits | 236,164 | 92,515 | 174,174 | - | 30,525 | - | 30,525 |
| Purchased services | 125,968 | 43,272 | 81,466 | - | (1,230) | - | (1,230) |
| Supplies and materials | 115,528 | 39,686 | 74,714 | - | (1,128) | - | (1,128) |
| Other objects | 1,206 | 414 | 685 | - | (107) | - | (107) |
| Capital outlay | - | 7,514 | 14,146 | - | 21,660 | - | 21,660 |
| Depreciation | 6,078 | - | - | - | (6,078) | - | (6,078) |
| Pension expense (benefit) | 939 | - | - | - | (939) | - | (939) |
| OPEB expense | 73,501 | - | - | - | (73,501) | - | (73,501) |
| Intergovernmental | | | | | | | |
| Payments to other governments | 31,522 | 10,828 | 11,143 | - | (9,551) | - | (9,551) |
| Administrative | | | | | | | |
| On Behalf Payments - State | 987,382 | - | - | - | (987,382) | - | (987,382) |
| On-Behalf payments - Local | 617,000 | - | - | - | (617,000) | - | (617,000) |
| Total Governmental Activities | 3,353,711 | 592,167 | 1,105,504 | - | (1,656,040) | - | (1,656,040) |
| Business-type Activities | | | | | | | |
| Professional development | 257,279 | 325,701 | - | - | - | 68,422 | 68,422 |
| Total Business-type Activities | 257,279 | 325,701 | - | - | - | 68,422 | 68,422 |
| Total Primary Government | \$ 3,610,990 | \$ 917,868 | \$ 1,105,504 | \$ - | (1,656,040) | 68,422 | (1,587,618) |
| General Revenues and Transfers | | | | | | | |
| Interest | | | | | 3,640 | 377 | 4,017 |
| On-behalf payments - State | | | | | 987,382 | - | 987,382 |
| On-behalf payments - Local | | | | | 617,000 | - | 617,000 |
| Transfers | | | | | 9,076 | (9,076) | - |
| Total General Revenues and Transfers | | | | | 1,617,098 | (8,699) | 1,608,399 |
| Change in Net Position | | | | | (38,942) | 59,723 | 20,781 |
| Net Position - Beginning | | | | | (153,533) | 535,933 | 382,400 |
| Net Position - Ending | | | | | \$ (192,475) | \$ 595,656 | \$ 403,181 |

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

EXHIBIT C

| | General Fund | Education Fund | Institute Fund | Nonmajor Special Revenue Funds | Eliminations | Total Governmental Funds |
|--|-------------------|-------------------|-------------------|--------------------------------|--------------|--------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 165,589 | \$ 248,306 | \$ 196,771 | \$ 70,472 | \$ - | \$ 681,138 |
| Certificates of deposit | 204,477 | - | 401,628 | - | - | 606,105 |
| Due from other funds | 191,789 | - | - | - | - | 191,789 |
| Accounts receivable | - | - | - | 716 | - | 716 |
| Due from ISBE | - | 18,167 | - | - | - | 18,167 |
| Due from other governments | 88,620 | 45,163 | - | 330 | - | 134,113 |
| TOTAL ASSETS | <u>650,475</u> | <u>311,636</u> | <u>598,399</u> | <u>71,518</u> | <u>-</u> | <u>1,632,028</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | <u>\$ 650,475</u> | <u>\$ 311,636</u> | <u>\$ 598,399</u> | <u>\$ 71,518</u> | <u>\$ -</u> | <u>\$ 1,632,028</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 464 | \$ 3,577 | \$ - | \$ 762 | \$ - | \$ 4,803 |
| Accrued expenses | 92,390 | 39,046 | - | 220 | - | 131,656 |
| Due to other funds | 117,239 | 23,999 | 3,076 | - | - | 144,314 |
| Due to other governments | - | 10,890 | - | - | - | 10,890 |
| TOTAL LIABILITIES | <u>210,093</u> | <u>77,512</u> | <u>3,076</u> | <u>982</u> | <u>-</u> | <u>291,663</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| | - | 1,498 | - | - | - | 1,498 |
| FUND BALANCES (DEFICITS) | | | | | | |
| Restricted | - | 234,129 | 595,323 | 70,536 | - | 899,988 |
| Assigned | 455,139 | - | - | - | - | 455,139 |
| Unassigned | (14,757) | (1,503) | - | - | - | (16,260) |
| TOTAL FUND BALANCES (DEFICITS) | <u>440,382</u> | <u>232,626</u> | <u>595,323</u> | <u>70,536</u> | <u>-</u> | <u>1,338,867</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS) | | | | | | |
| | <u>\$ 650,475</u> | <u>\$ 311,636</u> | <u>\$ 598,399</u> | <u>\$ 71,518</u> | <u>\$ -</u> | <u>\$ 1,632,028</u> |

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2021**

EXHIBIT D

| | | |
|--|----|-------------|
| Total fund balances - governmental funds | \$ | 1,338,867 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | 38,407 |
| Security deposits represents payment deferred in the current period and therefore, are not reported in the governmental funds. | | 1,000 |
| Some revenue will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds | | |
| Current year unavailable revenue | | 1,498 |
| Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows: | | |
| Deferred outflows of resources related to pensions | \$ | 19,412 |
| Deferred inflows of resources related to pensions | | (21,948) |
| Deferred outflows of resources related to OPEB | | 296,299 |
| Deferred inflows of resources related to OPEB | | (276,042) |
| | | 17,721 |
| Noncurrent liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. | | |
| Compensated absences | | (21,960) |
| Net pension liability | | (79,840) |
| OPEB liabilities | | (1,488,168) |
| | | (1,589,968) |
| Net position of governmental activities | \$ | (192,475) |

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT E

| | <u>General Fund</u> | <u>Education Fund</u> | <u>Institute Fund</u> | <u>Nonmajor Special Revenue Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------|-----------------------|---------------------------------------|---------------------------------|
| REVENUES | | | | | |
| Federal sources | \$ - | \$ 159,011 | \$ - | \$ - | \$ 159,011 |
| State sources | 401,587 | 461,556 | - | 1,800 | 864,943 |
| Local sources | 492,699 | 80,052 | 78,268 | 21,200 | 672,219 |
| Interest income | 1,235 | 179 | 2,176 | 50 | 3,640 |
| On-behalf payments - State | 290,323 | - | - | - | 290,323 |
| On-behalf payments - Local | 617,000 | - | - | - | 617,000 |
| Total revenues | <u>1,802,844</u> | <u>700,798</u> | <u>80,444</u> | <u>23,050</u> | <u>2,607,136</u> |
| EXPENDITURES | | | | | |
| Instructional services | | | | | |
| Salaries | 707,745 | 437,560 | - | 13,118 | 1,158,423 |
| Benefits | 157,804 | 90,621 | - | 2,732 | 251,157 |
| Pension | 3,295 | 6,932 | - | - | 10,227 |
| OPEB | 5,726 | 2,209 | - | - | 7,935 |
| Purchased services | 47,592 | 74,119 | - | 4,257 | 125,968 |
| Supplies and materials | 49,953 | 62,879 | - | 2,696 | 115,528 |
| Other objects | 1,059 | - | 147 | - | 1,206 |
| On-behalf payments - State | 290,323 | - | - | - | 290,323 |
| On-behalf payments - local | 617,000 | - | - | - | 617,000 |
| Intergovernmental | | | | | |
| Payments to other governments | - | 17,230 | 14,292 | - | 31,522 |
| Capital outlay | - | 14,641 | - | 7,232 | 21,873 |
| Total expenditures | <u>1,880,497</u> | <u>706,191</u> | <u>14,439</u> | <u>30,035</u> | <u>2,631,162</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (77,653) | (5,393) | 66,005 | (6,985) | (24,026) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in (out) | (3,764) | 12,840 | - | - | 9,076 |
| NET CHANGE IN FUND BALANCES | (81,417) | 7,447 | 66,005 | (6,985) | (14,950) |
| FUND BALANCES, BEGINNING OF YEAR | <u>521,799</u> | <u>225,179</u> | <u>529,318</u> | <u>77,521</u> | <u>1,353,817</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 440,382</u> | <u>\$ 232,626</u> | <u>\$ 595,323</u> | <u>\$ 70,536</u> | <u>\$ 1,338,867</u> |

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

EXHIBIT F

Net change in fund balances \$ (14,950)

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

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

Prior year unavailable revenue 1,498

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

| | | |
|----------------------|----------------|--------|
| Capital outlay | \$ 21,873 | |
| Depreciation expense | <u>(6,078)</u> | 15,795 |

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

Compensated absences 14,993

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

| | | |
|------------------------------|--------------|-------|
| Pension contribution | \$ 10,227 | |
| Cost of benefits earned, net | <u>(939)</u> | 9,288 |

Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

| | | |
|------------------------------|-----------------|-----------------|
| OPEB contribution | \$ 7,935 | |
| Cost of benefits earned, net | <u>(73,501)</u> | <u>(65,566)</u> |

Change in net position of governmental activities \$ (38,942)

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

EXHIBIT G

| | Business-Type Activities - | | | Total |
|---------------------------------------|-----------------------------------|-----------------------|----------------------|-------------------|
| | Enterprise Funds | | | |
| | ROE | SIP-Enterprise | Technology PD | |
| | Administrative | Workshop | Fees | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 406,628 | \$ 111,591 | \$ - | \$ 518,219 |
| Accounts receivable | 2,634 | - | - | 2,634 |
| Due from other governments | 32,710 | - | 47,151 | 79,861 |
| Prepaid lease | - | 65,000 | - | 65,000 |
| Total current assets | <u>441,972</u> | <u>176,591</u> | <u>47,151</u> | <u>665,714</u> |
| Noncurrent assets | | | | |
| Capital assets, net | - | 435 | - | 435 |
| Total Assets | <u>441,972</u> | <u>177,026</u> | <u>47,151</u> | <u>666,149</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | - | - | - | - |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | 2,119 | 92 | 88 | 2,299 |
| Accrued expenses | - | - | 6,105 | 6,105 |
| Due to other funds | - | - | 47,475 | 47,475 |
| Due to other governments | 14,614 | - | - | 14,614 |
| Total Liabilities | <u>16,733</u> | <u>92</u> | <u>53,668</u> | <u>70,493</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| | - | - | - | - |
| NET POSITION | | | | |
| Net investment in capital assets | - | 435 | - | 435 |
| Unrestricted | <u>425,239</u> | <u>176,499</u> | <u>(6,517)</u> | <u>595,221</u> |
| TOTAL NET POSITION | <u>\$ 425,239</u> | <u>\$ 176,934</u> | <u>\$ (6,517)</u> | <u>\$ 595,656</u> |

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT H

| | Business-Type Activities - | | | Total |
|--|-----------------------------------|------------------------------------|-------------------------------|-------------------|
| | Enterprise Funds | | | |
| | ROE Administrative | SIP-Enterprise Workshop | Technology PD Fees | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 169,739 | \$ 69,261 | \$ 86,701 | \$ 325,701 |
| OPERATING EXPENSES | | | | |
| Salaries | - | - | 78,387 | 78,387 |
| Benefits | - | - | 10,005 | 10,005 |
| Purchased services | 93,955 | 59,138 | 2,677 | 155,770 |
| Supplies and materials | 7,249 | 1,391 | 1,993 | 10,633 |
| Other objects | 2,363 | - | - | 2,363 |
| Depreciation | - | 121 | - | 121 |
| Total operating expenses | <u>103,567</u> | <u>60,650</u> | <u>93,062</u> | <u>257,279</u> |
| OPERATING INCOME (LOSS) | <u>66,172</u> | <u>8,611</u> | <u>(6,361)</u> | <u>68,422</u> |
| NONOPERATING REVENUES | | | | |
| Interest | 314 | 63 | - | 377 |
| Transfers in (out) | (9,076) | - | - | (9,076) |
| Total nonoperating revenues (expenses) | <u>(8,762)</u> | <u>63</u> | <u>-</u> | <u>(8,699)</u> |
| CHANGE IN NET POSITION | 57,410 | 8,674 | (6,361) | 59,723 |
| NET POSITION, BEGINNING OF YEAR | <u>367,829</u> | <u>168,260</u> | <u>(156)</u> | <u>535,933</u> |
| NET POSITION, END OF YEAR | <u>\$ 425,239</u> | <u>\$ 176,934</u> | <u>\$ (6,517)</u> | <u>\$ 595,656</u> |

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

EXHIBIT I

| | Business-Type Activities - Enterprise Funds | | | Total |
|--|--|-------------------------------------|-------------------------------|-------------------|
| | ROE Administration | SIP- Enterprise Workshop | Technology PD Fees | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts for workshops and services | \$ 199,162 | \$ 69,261 | \$ 39,550 | \$ 307,973 |
| Payments to suppliers and providers of goods and services | (88,642) | (50,442) | 46,050 | (93,034) |
| Payments to employees | - | - | (88,392) | (88,392) |
| Net cash provided by (used for) operating activities | <u>110,520</u> | <u>18,819</u> | <u>(2,792)</u> | <u>126,547</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Cash transfers (to) from other funds | (9,076) | - | - | (9,076) |
| Cash provided by (used for) noncapital financing activities | <u>(9,076)</u> | <u>-</u> | <u>-</u> | <u>(9,076)</u> |
| CASH FLOWS FROM INVESTING ACTIVITY: | | | | |
| Interest income | 314 | 63 | - | 377 |
| Cash provided by (used for) investing activity | <u>314</u> | <u>63</u> | <u>-</u> | <u>377</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 101,758 | 18,882 | (2,792) | 117,848 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>304,870</u> | <u>92,709</u> | <u>2,792</u> | <u>400,371</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 406,628</u> | <u>\$ 111,591</u> | <u>\$ -</u> | <u>\$ 518,219</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ 66,172 | \$ 8,611 | \$ (6,361) | \$ 68,422 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | - | 121 | - | 121 |
| Effects of changes in assets and liabilities: | | | | |
| Accounts receivable | (240) | - | - | (240) |
| Due from other governments | 29,663 | - | (47,151) | (17,488) |
| Prepaid lease | - | 10,000 | - | 10,000 |
| Accounts payable | 1,526 | 87 | 3 | 1,616 |
| Accrued expenses | (1,215) | - | 3,242 | 2,027 |
| Due to other governments | 14,614 | - | 47,475 | 62,089 |
| Net cash provided by (used for) operating activities | <u>\$ 110,520</u> | <u>\$ 18,819</u> | <u>\$ (2,792)</u> | <u>\$ 126,547</u> |

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. Date of Management's Review

Management has evaluated subsequent events through April 21, 2022, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education No. 41 encompasses Madison County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education No. 41 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

The Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers' institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; to file and keep returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 41's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and to carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under the Regional Superintendent's control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2021, the Regional Office of Education No. 41 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 41. Such activities are reported as a single major fund (Education Fund).

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Scope of Reporting Entity

The Regional Office of Education No. 41's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 41 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in the financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 41 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 41 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 41 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education No. 41 being considered a component unit of the entity.

D. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the non-fiduciary activities of the Regional Office of Education No. 41. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely, to a significant extent, on fees and charges for services.

The Statement of Net Position and the Statement of Activities are presented on an "economic resources" measurement focus prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 41's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statements (Concluded)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds.

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, if any, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses, if any, are reported as non-operating expenses.

F. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Governmental Fund Financial Statements (Concluded)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Regional Office of Education No. 41 considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Madison County Regional Office of Education No. 41; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education No. 41 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education No. 41's policy to first apply restricted funds, then unrestricted resources as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting

The Regional Office of Education No. 41 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Regional Office of Education No. 41 uses governmental and proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 41 are typically reported. Reporting for governmental funds focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 41 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 41 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. General funds include the following:

ROE Administrative - Accounts for monies received for, and payment of, expenditures associated with the operations of the Regional Office of Education No. 41's general administrative activities.

Evidence Based Funding (formerly called General State Aid) - Accounts for monies received for, and payment of, expenditures for regional learning academy supplements.

Lighthouse Educational Assistance Program (LEAP) - Accounts for tuition monies received for, and payment of, expenditures for the administration of an educational facility within a drug rehabilitation center.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

ETC Day Program - Accounts for tuition fees received from school districts used for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students under the Educational Therapy Center (ETC).

ETC Unemployment Reserve - Accounts for local monies received and accumulated to be used to defray unemployment and related expenses in case the ETC cease to exist.

Suspension Temporary Option Program - Accounts for monies received for the administration of the Suspension Temporary Option Program (STOP) serving students in the Collinsville, Highland, and Troy school districts.

Madison County Detention Center (MCDC) - Accounts for monies received for, and payment of, expenditures for the administration of an educational facility within a county detention center.

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

Education – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

Truants Alternative and Optional Education Project - Accounts for grant monies received for, and payment of, expenditures for the truancy prevention program including monitoring of truant students.

Vocational Adjustment Counselor - Accounts for grant monies received for, and payment of, expenditures to provide rehabilitation counseling for individuals in secondary work experience and resource materials for families and educators of children who are transitioning from school to post-secondary activities.

Regional Safe Schools - Accounts for grant monies received for, and payment of, expenditures to provide alternative school program for at-risk students. The program also provides placement for students who are suspended and/or are ineligible.

Title II - Teacher Quality Leadership - Accounts for grant monies received for, and payment of, expenditures to improve instructional services in school districts.

McKinney-Vento Homeless Children - Accounts for grant monies received for, and payment of, expenditures associated with counseling and educational support to homeless children and their families.

Elementary and Secondary School Emergency Relief (ESSER) I – Accounts for grant monies received to address the impact of COVID-19 on secondary and elementary schools.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Elementary and Secondary School Emergency Relief (ESSER) II – Accounts for grant monies received to address the impact of COVID-19 on secondary and elementary schools.

Governor’s Emergency Education Relief (GEER) I – Accounts for grant monies received for emergency assistance as a result of COVID-19 including support of remote educational opportunities.

Digital Professional Learning - Accounts for grant monies received for emergency assistance as a result of COVID-19 to assist school districts in reducing barriers to the continuity of education by addressing professional learning needs related to digital remote learning.

ETC Lunch Account Program - Accounts for State monies received for, and payment of, expenditures for providing free and reduced priced meals to students under the Educational Therapy Center (ETC).

ROE/ISC Operations (formerly School Improvement) - Accounts for grant monies received for, and payment of, expenditures for the ROE/ISC Operations grant, as well as transactions associated with the operations of the Regional Office of Education No. 41.

Institute Fund - Accounts for registration and renewal fees related to teachers’ licenses. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers’ institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

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

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas, and materials.

Bus Driver Training - Accounts for bus drivers’ permit fees which may be expended for bus drivers’ refresher courses.

Proprietary Funds

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 41 on a cost reimbursement basis are reported.

Major Proprietary Funds – The Regional Office of Education No. 41 reports the following proprietary funds as major funds:

ROE Administrative - Enterprise - Accounts for monies received for, and payment of, expenditures associated with other miscellaneous enterprise activities of the Regional Office of Education No. 41. This fund also accounts for reimbursements from other funds for general administrative expenses.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

School Improvement Plan (SIP) - Enterprise Workshop - Accounts for workshop fees received for, and payment of, expenses related to various trainings conducted by the Regional Office of Education No. 41.

Technology Professional Development (PD) (formerly Technology Hub Fees) - Enterprise - Accounts for the local monies received for, and payment of, expenditures associated with setting up e-mail addresses, conducting workshops, and helping with the creation of technology plans for the schools in Madison County.

Nonmajor Proprietary Funds – The Regional Office of Education No. 41 does not have any nonmajor proprietary funds.

I. Governmental Fund Balances

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Non-spendable - the portion of a Governmental Fund's net position that are not available to be spent, either short-term or long-term, in either form or through legal restrictions. There are no accounts presenting a non-spendable fund balance.

Restricted - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Truants Alternative and Optional Education Project and Vocational Adjustment Counselor. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

Committed - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned - the portion of a Governmental Fund's net position that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Evidence Based Funding, Lighthouse Educational Assistance Program, ETC Day Program, and Suspension Temporary Option Program.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the Madison County Detention Center, GEER I, and ETC Lunch Program.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position

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

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

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

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

K. Cash and Cash Equivalents

The Regional Office of Education No. 41 considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition to be cash equivalents.

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

M. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business- type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value as of the date received. Capital assets are defined by the Regional Office of Education No. 41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

| | |
|------------------|------------|
| Equipment | 5-10 years |
| Office equipment | 3-7 years |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Concluded)

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

N. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Compensated Absences

All Regional Office of Education No. 41 employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2021, has been provided in the government-wide financial statements.

Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement No. 16, the Regional Office of Education No. 41 used the vesting method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences (Concluded)

As required by GASB Interpretation 6, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

Q. Budgetary Data

The Regional Office of Education No. 41 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Department of Human Services; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Truants Alternative and Optional Education Project, Vocational Adjustment Counselor, Regional Safe Schools, Title II Teacher Quality Leadership, McKinney – Vento Homeless Children, ESSER I, ESSER II, GEER I, Digital Professional Learning, and ROE/ISC Operations.

R. Revenues – Exchange and Non-exchange Transactions

The revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, is recorded on the accrual basis when the exchange takes place. On modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the Regional Office of Education No. 41 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Regional Office of Education No. 41 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the Regional Office of Education No. 41 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

S. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Regional Office of Education No. 41's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 41's OPEB Plan and additions to/deductions from the Regional Office of Education No. 41's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 41's Plan. For this purpose, the Regional Office of Education No. 41's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

T. New Accounting Pronouncements

In 2021, the Regional Office of Education No. 41 implemented GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*, paragraphs other than 11b, 13, and 14.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 90 addresses whether a government's majority equity interest in a legally separate organization represents an investment or a component unit. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund which should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.

GASB Statement No. 93, paragraphs other than 11b, 13, and 14, address the accounting and financial reporting of implications that result from the replacement of an IBOR (interbank offering rate).

The implementation of GASB Statement No. 84 required changes to the Regional Office of Education No. 41's financial statement reporting related to their fiduciary funds. The implementation of GASB Statements No. 90 and 93 had no significant impact on the financial statements of the Regional Office of Education No. 41.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education No. 41's investment policy is to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

Deposits

At June 30, 2021, the carrying amount of the Regional Office of Education No. 41's government-wide deposits, excluding petty cash of \$500, was \$1,198,857, and the bank balance was \$1,269,536. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2021. At June 30, 2021, \$250,000 of the Regional Office of Education No. 41's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$615,087 was collateralized by securities pledged by the Regional Office of Education No. 41's financial institution in the name of the Regional Office and \$404,449 was invested in the Illinois Money Market Fund.

Investments

The investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2021, the Regional Office of Education No. 41 had investments with carrying and fair values of \$606,105 invested in Certificates of Deposit that were FDIC insured or collateralized.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education No. 41 does not have a formal deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education No. 41 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Regional Office of Education No. 41 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education No. 41 has no investment policy that would further limit its investment choices. As of June 30, 2021, the Regional Office of Education No. 41 was in compliance with these guidelines.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS

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

Plan Description

The Madison County Regional Office of Education No. 41 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/fy2020>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III 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 I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and Tier II 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.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)

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

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2020, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2021, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the pension expense associated with the employer, and the employer recognized revenue and expenditures of \$666,000 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021, were \$4,583, and are deferred because they were paid after the June 30, 2020, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 41, there is a statutory requirement for the Regional Office of Education No. 41 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, 2021, the employer pension contribution was 10.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$54,215 were paid from federal and special trust funds that required employer contributions of \$5,644. These contributions are deferred because they were paid after the June 30, 2020, measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 41 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the Regional Office of Education No. 41 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)

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

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

At June 30, 2020, the Regional Office of Education No. 41 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the Regional Office of Education No. 41. The State's support and total are for disclosure purposes only. The amount recognized by the Regional Office of Education No. 41 as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Regional Office of Education No. 41 were as follows:

| | |
|---|----------------------------|
| Employer's proportionate share of the net pension liability | \$ 79,840 |
| State's proportionate share of the net pension liability associated with the employer | <u>6,253,487</u> |
| Total | <u>\$ 6,333,327</u> |

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The Regional Office of Education No. 41's proportion of the net pension liability was based on the Regional Office of Education No. 41's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2020, the Regional Office of Education No. 41's proportion was 0.0000926055 percent, which was an increase of 0.0000003924 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Regional Office of Education No. 41 recognized pension expense of \$666,000 and revenue of \$666,000 for support provided by the State. For the year ended June 30, 2021, the Regional Office of Education No. 41 recognized pension expense of \$939. At June 30, 2021, the Regional Office of Education No. 41 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 774 | \$ (21) |
| Net difference between projected and actual earnings on pension plan investments | 2,384 | - |
| Change of assumptions | 327 | (838) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 5,700 | (21,089) |
| Employer contributions subsequent to the measurement date | <u>10,227</u> | <u>-</u> |
| Total | <u>\$ 19,412</u> | <u>\$ (21,948)</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)

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

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

\$10,227 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 41 as a reduction of their net pension liabilities in the reporting year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

| Year Ending June 30, | | |
|---------------------------------|-----------|-----------------|
| 2022 | \$ | (4,051) |
| 2023 | | (6,073) |
| 2024 | | (2,995) |
| 2025 | | 333 |
| 2026 | | 23 |
| Total | \$ | (12,763) |

Actuarial Assumptions

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

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

In the June 30, 2020, actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2019, actuarial valuation, mortality rates were also based on the RP 2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)

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

Actuarial Assumptions (Concluded)

The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| U.S. equities large cap | 16.5% | 6.1% |
| U.S. equities small/mid cap | 2.3% | 7.2% |
| International equities developed | 12.2% | 7.0% |
| Emerging market equities | 3.0% | 9.4% |
| U.S. bonds core | 7.0% | 2.2% |
| U.S. bonds high yield | 2.5% | 4.1% |
| International debt developed | 3.1% | 1.5% |
| Emerging international debt | 3.2% | 4.5% |
| Real estate | 16.0% | 5.7% |
| Private Debt | 5.2% | 6.3% |
| Hedge Funds | 10.0% | 4.3% |
| Private equity | 15.0% | 10.5% |
| Infrastructure | 4.0% | 6.2% |
| Total | 100% | |

Discount Rate

At June 30, 2020, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2019 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONCLUDED)

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Regional Office of Education No. 41's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 41's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the net pension liability | \$ 96,911 | \$ 79,840 | \$ 65,785 |

TRS Fiduciary Net Position

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

B. Illinois Municipal Retirement Fund

There are other non-certified employees paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government. Retirement contributions for non-certified employees made by Madison County to the Illinois Municipal Retirement Fund (IMRF) during the fiscal year 2021 amounted to \$45,867. This amount is included in the local on-behalf revenue and related expense. Moreover, GASB Statement No. 68 in relation to IMRF is not applicable to Regional Office of Education No. 41 since the Madison County bears the cost of salaries, benefits, and the payment of future pension liabilities of these non-certified employees.

NOTE 4: OTHER POST EMPLOYMENT BENEFITS

A. Defined Benefit Plan – Madison County Health Plan

Plan Description. The Regional Office of Education No. 41 employees are covered by the Madison County (the County) health insurance plan. The County provides postemployment health care for eligible retired employees and their dependents through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the County and can be amended by the County Board through its personnel manual and union contracts. An irrevocable trust has not been established by the County to account for the plan and accordingly the plan is not accounted for as a trust fund. The plan does not issue a separate report.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. Defined Benefit Plan – Madison County Health Plan (Continued)

Benefits Provided. The Regional Office of Education No. 41 provides postemployment health care for eligible retired employees and their dependents through the County. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage with the County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services; mental, nervous, and substance abuse care; vision care, dental care; and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the County and is the basis for the OPEB obligation accounted for under GASB Statement No. 75. The Regional Office of Education No. 41 reimburses the County for health insurance coverage for active ROE No. 41 employees.

Membership. At November 30, 2020 (the County’s fiscal year end), membership consisted of:

| | Education Admin | Other Education | Total |
|--|----------------------------|----------------------------|--------------|
| Active employees | 17 | 15 | 32 |
| Inactive employees currently receiving benefit payments | 0 | 1 | 1 |
| Inactive employees entitled but not yet receiving benefit payments | 0 | 0 | 0 |
| Total | 17 | 16 | 33 |

Funding Policy. The County negotiates the contribution percentages between the County and employees through the union contracts and the personnel policy. The Regional Office of Education No. 41 employees follow these contracts and policies. All retirees contribute 100% of the blended premium to the plan and the County contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 75 requires recognition of the current expense of OPEB based on each governing body’s annual required contribution but does not require funding of the related liability. For the fiscal year ended November 30, 2020, the County contributed \$665.

Total OPEB Liability. The Regional Office of Education No. 41’s Total OPEB Liability of \$665,597 was measured as of November 30, 2020. This amount was determined by an actuarial valuation as of November 30, 2019 and rolled forward to the November 30, 2020 measurement date.

Eligibility. Employees are eligible to retire from the Regional Office of Education No. 41 and continue their health coverage after meeting the age and service requirements for retirement. IMRF Tier 1 employees can retire at age 55 with 35 years of service or at age 60 with 8 years of service. Early retirement is also available for employees at age 55 and 8 years of service. IMRF Tier 2 employees can retire at age 62 with 35 years of service or at age 67 with 10 years of service. Early retirement is also available for employees at age 62 and 10 years of service.

Actuarial Assumptions. The following are the methods and assumptions used to determine total OPEB liability at November 30, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Discount (Interest) Rate** used was 2.91% as of December 1, 2019 and 2.05% as of November 30, 2020.
- **Salary Increases** are assumed to increase at a rate of 2.75% per annum.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. Defined Benefit Plan – Madison County Health Plan (Continued)

- **Healthcare Cost Inflation Rate** of 7.5% initially, reduced to an ultimate rate of 4.5% after 8 years.
- **Retirees Contribute** 100% of the blended premium cost for the benefit level and status selected.
- **Mortality:** Probabilities of death for participants (mortality) were according to RP2014 Blue Collar base rates projected to 2020 using scale MP2020 for Law Enforcement. For all others, the RP2014 base rates projected to 2020 using scale MP2020 was used. No additional provision, besides those already embedded, were included for mortality improvements beyond 2020.

Calculation of Single Discount Rate. The Single Discount Rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a risk free rate is required, such as a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating. Since the County’s plan is unfunded, the 20-year municipal index rate applies. Therefore, the liabilities valued as of December 1, 2019 are discounted at a rate of 2.91%, and the liabilities valued at November 30, 2020 are discounted at a rate of 2.05%.

Changes in the Total OPEB Liability

| | Total OPEB Liability (A) |
|---|--------------------------------|
| Balance at November 30, 2019 | \$ 464,085 |
| Changes for the year: | |
| Service Costs including Administrative Expenses | 25,598 |
| Interest on the Total OPEB Liability | 13,495 |
| Benefit Changes | (1,091) |
| Differences between expected and actual experience | 46,724 |
| Changes in Assumptions | 117,451 |
| Contributions – Employer | |
| Benefit Payments, including Refunds of Member Contributions | (665) |
| Net Changes | 201,512 |
| Balance at November 30, 2020 | \$ 665,597 |

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plans total OPEB liability, calculated using a Single Discount Rate of 2.05%, as well as what the plan’s total OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

| | 1% Lower (1.05%) | Current Discount Rate (2.05%) | 1% Higher (3.05%) |
|----------------------|---------------------|----------------------------------|----------------------|
| Total OPEB Liability | \$ 804,159 | \$ 665,597 | \$ 558,587 |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. Defined Benefit Plan – Madison County Health Plan (Concluded)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the plans total OPEB liability, calculated using healthcare trend rates of 7.50% decreasing to 4.50%, as well as what the plan’s total OPEB liability would be if it were calculated using healthcare trend rates that are 1% lower or 1% higher than the current rate:

| | 1% Lower (6.5% decreasing to 3.5%) | Current Trend Rate (7.5% decreasing to 4.5%) | 1% Higher (8.5% decreasing to 5.5%) |
|----------------------|---|---|--|
| Total OPEB Liability | \$ 537,918 | \$ 665,597 | \$ 836,961 |

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

For the year ended November 30, 2020, the Regional Office of Education No. 41 recognized OPEB expense of \$56,963. At November 30, 2020 the Regional Office of Education No. 41 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred amounts Related to OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Deferred Amounts to be Recognized in OPEB Expense in Future Periods: | | |
| Difference between expected and actual non-investment experience | \$ 42,702 | \$ - |
| Change of assumptions | 186,491 | (32,664) |
| Total | \$ 229,193 | \$ (32,664) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

| Year Ending November 30, | Net Deferred Outflows of Resources |
|---------------------------------|---|
| 2021 | \$ 18,962 |
| 2022 | 18,962 |
| 2023 | 18,962 |
| 2024 | 18,962 |
| 2025 | 18,962 |
| Thereafter | 101,719 |
| Total | \$ 196,529 |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Teachers' Health Insurance Security Fund

THIS Plan Description

The Regional Office of Education No. 41 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) 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. 41. For the year ended June 30, 2021, State of Illinois contributions recognized by the Regional Office of Education No. 41 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 41, and recognized revenue and expenditures of \$31,059 in OPEB contributions from the State of Illinois.

Employer Contributions to the THIS Fund

The Regional Office of Education No. 41 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the years ended June 30, 2021, 2020, and 2019. For the year ended June 30, 2021, the Regional Office of Education No. 41 paid \$7,270 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2020 and 2019, the Regional Office of Education No. 41 paid \$7,161 and \$6,630 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Teachers' Health Insurance Security Fund (Continued)

Actuarial Assumptions

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

| | |
|-----------------------------|--|
| Inflation | 2.50% |
| Salary increases | Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption. |
| Investment rate of return | 0%, net of OPEB plan investment expense, including inflation, for all plan years |
| Healthcare cost trend rates | Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend starts at 8.25% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of the Excise Tax. |

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

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.13 percent as of June 30, 2019 and 2.45 percent as of June 30, 2020.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Teachers' Health Insurance Security Fund (Continued)

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

The following presents the Regional Office of Education No. 41's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

| | 1% Decrease (1.45%) | Current Discount Rate (2.45%) | 1% Increase (3.45%) |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 988,726 | \$ 822,571 | \$ 691,101 |

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the Regional Office of Education No. 41's collective net OPEB liability as of June 30, 2020, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.25% in 2021, decreasing to an ultimate trend rate of 4.25% in 2037.

| | 1% Decrease^a | Healthcare Cost Trend Rate | 1% Increase^b |
|---|--------------------------------|---------------------------------------|--------------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 661,672 | \$ 822,571 | \$ 1,040,294 |

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

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

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

At June 30, 2021, the Regional Office of Education No. 41 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 41. The amount recognized by the Regional Office of Education No. 41 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 41 were as follows:

| | |
|---|----------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 822,571 |
| State's proportionate share of the collective net OPEB liability associated with the employer | <u>1,114,308</u> |
| Total | <u>\$ 1,936,879</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Teachers' Health Insurance Security Fund (Continued)

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

The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and was rolled forward to the June 30, 2020 measurement date. The Regional Office of Education No. 41's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 41's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 41, actuarially determined. At June 30, 2020, the Regional Office of Education No. 41's proportion was 0.003077 percent, which was an increase of 0.000145 from its proportion measured as of June 30, 2019 (0.002932 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2021, the Regional Office of Education No. 41 recognized OPEB expense of \$31,059 and revenue of \$31,059 for support provided by the State. For the year ending June 30, 2021, the Regional Office of Education No. 41 recognized OPEB expense of \$16,538. At June 30, 2021, the Regional Office of Education No. 41 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ (21,855) |
| Change of assumptions | 279 | (135,682) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (23) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 59,557 | (85,818) |
| Employer contributions subsequent to the measurement date | 7,270 | - |
| Total | \$ 67,106 | \$ (243,378) |

\$7,270 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 41 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 41's OPEB expense as follows:

| Year Ending June 30, | | |
|---------------------------------|-----------|------------------|
| 2022 | \$ | (25,044) |
| 2023 | | (25,044) |
| 2024 | | (25,044) |
| 2025 | | (25,043) |
| 2026 | | (25,038) |
| Thereafter | | (58,329) |
| Total | \$ | (183,542) |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

B. Teachers' Health Insurance Security Fund (Concluded)

THIS Fiduciary Net Position

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

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2021, amounts due from (to) other funds consist of the following:

| Fund | Due From Other Funds | Due To Other Funds |
|---|-------------------------|-----------------------|
| General Fund – Evidence Based Funding | \$ 191,789 | \$ - |
| General Fund – Madison County Detention Center | - | 13,421 |
| General Fund – ETC Day Program | - | 103,818 |
| Special Revenue Fund – Institute | - | 3,076 |
| Education Fund – GEER I | - | 10,675 |
| Education Fund – Digital Professional Learning | - | 4,400 |
| Education Fund – ETC Lunch | - | 5 |
| Education Fund – Teacher Quality Leadership | - | 1,594 |
| Education Fund – McKinney-Vento Homeless Children | - | 7,325 |
| Enterprise Fund – Tech Hub PD | - | 47,475 |
| Total | <u>\$ 191,789</u> | <u>\$ 191,789</u> |

The amount due to the general fund resulted from interfund borrowing to cover short-term cash deficit.

NOTE 6: INTERFUND TRANSFERS

The composition of interfund transfers during the year ended June 30, 2021 is as follows:

| Fund | Transfer In | Transfer Out |
|--|-------------------|-------------------|
| Education Fund – Regional Safe Schools | \$ 10,828 | \$ - |
| General Fund – ETC Day Program | 203,714 | - |
| General Fund – Evidence Based Funding | - | 3,764 |
| General Fund – ETC Unemployment Reserve | - | 203,714 |
| Education Fund – ROE/ISC Operations | 2,012 | - |
| Proprietary Fund – ROE Administrative-Enterprise | - | 9,076 |
| Total | <u>\$ 216,554</u> | <u>\$ 216,554</u> |

During the year ended June 30, 2021, the Regional Office of Education No. 41 made interfund transfers to move a portion of unrestricted funds to finance various operating expenditures accounted for in another fund.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: DUE FROM (TO) OTHER GOVERNMENTS

The Regional Office of Education No. 41's General Fund, Special Revenue Funds, and Proprietary Funds have funds due to and due from various governmental units which consist of the following:

| | |
|---------------------------------------|-------------------|
| Due from Other Governments: | |
| Illinois Department of Human Services | \$ 19,059 |
| Local school districts | 115,782 |
| Other governmental units | <u>79,133</u> |
| Total | <u>\$ 213,974</u> |
| | |
| Due to Other Governments: | |
| Illinois State Board of Education | \$ 10,890 |
| Other governmental units | <u>14,614</u> |
| Total | <u>\$ 25,504</u> |

NOTE 8: CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2021 are as follows:

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
|-----------------------------------|-------------------------|------------------|--------------|--------------------------|
| Governmental Funds | | | | |
| Total Capital Assets | \$ 87,235 | \$ 21,873 | \$ 2,228 | \$ 106,880 |
| Less: Accumulated Depreciation | <u>64,623</u> | <u>6,078</u> | <u>2,228</u> | <u>68,473</u> |
| Governmental Funds | | | | |
| Investment in Capital Assets, Net | <u>\$ 22,612</u> | <u>\$ 15,795</u> | <u>\$ -</u> | <u>\$ 38,407</u> |
| | | | | |
| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
| Proprietary Funds | | | | |
| Total Capital Assets | \$ 6,323 | \$ - | \$ 1,196 | \$ 5,127 |
| Less: Accumulated Depreciation | <u>5,767</u> | <u>121</u> | <u>1,196</u> | <u>4,692</u> |
| Proprietary Funds | | | | |
| Investment in Capital Assets, Net | <u>\$ 556</u> | <u>\$ (121)</u> | <u>\$ -</u> | <u>\$ 435</u> |
| Total | | | | |
| Investment in Capital Assets, Net | <u>\$ 23,168</u> | <u>\$ 15,674</u> | <u>\$ -</u> | <u>\$ 38,842</u> |

Depreciation expense for the year ended June 30, 2021 amounting to \$6,078 was accounted for in the governmental activities instructional services function on the government-wide Statement of Activities. For the business-type activities, depreciation expense of \$121 was accounted for in the professional development function on the government-wide Statement of Activities.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: LONG-TERM LIABILITIES

Changes in long-term liabilities during the fiscal year were as follows:

| | <u>July 1, 2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2021</u> |
|-------------------------------------|---------------------|-------------------|------------------|----------------------|
| Net OPEB liability-THIS | \$ 811,445 | \$ 11,126 | \$ - | \$ 822,571 |
| Total OPEB liability-Madison County | <u>464,085</u> | <u>201,512</u> | <u>-</u> | <u>665,597</u> |
| OPEB liabilities | <u>1,275,530</u> | <u>212,638</u> | <u>-</u> | <u>1,488,168</u> |
| Net pension liability-TRS | <u>74,792</u> | <u>5,048</u> | <u>-</u> | <u>79,840</u> |
| Compensated absences | <u>36,953</u> | <u>4,195</u> | <u>19,188</u> | <u>21,960</u> |
| Total noncurrent liabilities | <u>\$ 1,387,275</u> | <u>\$ 221,881</u> | <u>\$ 19,188</u> | <u>\$ 1,589,968</u> |

NOTE 10: COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Regional Office of Education No. 41 receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2021, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past four years.

NOTE 11: ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries of the Regional Superintendent and the Assistant Regional Superintendent and contributions on-behalf of the Regional Office of Education No. 41. In addition, a significant portion of the operating expenditures of the Regional Office of Education No. 41 are paid by Madison County, Illinois, in accordance with the statutes. The breakdown of the State and County on-behalf payments for the year ended June 30, 2021 is as follows:

| | |
|--|---------------------|
| State of Illinois | |
| Regional Superintendent salary | \$ 122,592 |
| Regional Superintendent benefits (includes State paid insurance) | 24,185 |
| Assistant Regional Superintendent salary | 110,328 |
| Assistant Regional Superintendent benefits (includes State paid insurance) | <u>33,218</u> |
| | 290,323 |
| ROE No. 41's share of TRS pension expense | 666,000 |
| ROE No. 41's share of THIS OPEB expense | <u>31,059</u> |
| Total State of Illinois | <u>987,382</u> |
| Madison County | |
| Salaries of office workers paid by the Madison County | 459,413 |
| Rent of office space | 19,800 |
| Consulting services | 5,885 |
| Madison County's share in health insurance contributions | 50,890 |
| Madison County's share in retirement contributions | <u>81,012</u> |
| Total Madison County | <u>617,000</u> |
| Total On-Behalf | <u>\$ 1,604,382</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11: ON-BEHALF PAYMENTS (CONCLUDED)

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures.

The Regional Office of Education No. 41 also recorded \$666,000 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and \$31,059 in revenue and expenses as on-behalf payments from the THIS fund for the Regional Office's share of the OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 41 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Superintendent.

NOTE 12: DEFICIT FUND BALANCE

The General Fund's Madison County Detention Center has a deficit fund balance totaling \$14,757 as of June 30, 2021. The Education Fund's GEER I and ETC Lunch Account Program have deficit fund balances of \$1,498 and \$5, respectively, as of June 30, 2021. The Enterprise Fund's Technology PD Fees has a deficit fund balance totaling \$6,517 as of June 30, 2021.

The above deficit fund balances are expected to be reversed in the next fiscal year through receipts from State and local sources. The deficit balance is due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

NOTE 13: OPERATING LEASE

The Madison County Regional Office of Education No. 41 (ROE #41) is committed under a lease agreement for office space for the ROE #41's School Improvement Program (SIP) and GED Testing program. The office space is located at 1310 North Main Street in Edwardsville, Illinois. The lease was effective on December 1, 2017 and expires on November 30, 2027. In FY 2018, ROE No. 41 paid \$100,000 for the ten-year lease. Lease expense recognized for the year ended FY 2021 was \$10,000.

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLES

The implementation of GASB 84, which provides guidance on the classification of fiduciary funds, resulted in the Regional Office of Education No. 41's previous fiduciary fund to now be classified as part of the General Fund. The fiduciary fund's net position at the beginning of the year was zero. As such there was no impact on the current year financial statements as a result of this change.

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois - Unaudited
For the Year Ended June 30, 2021†

| | FY2020† | FY2019† | FY2018† | FY2017† | FY2016† | FY2015† | FY2014† |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Employer's proportion of the net pension liability | 0.0000926055% | 0.0000922131% | 0.0000985113% | 0.0001488804% | 0.0001134989% | 0.0001740343% | 0.0002005597% |
| Employer's proportionate share of the net pension liability | \$ 79,840 | \$ 74,792 | \$ 76,784 | \$ 113,742 | \$ 89,592 | \$ 114,010 | \$ 120,456 |
| State's proportionate share of the net pension liability associated with the Employer | 6,253,487 | 5,322,888 | 5,260,058 | 5,797,587 | 6,015,310 | 5,242,315 | 5,954,588 |
| Total | \$ 6,333,327 | \$ 5,397,680 | \$ 5,336,842 | \$ 5,911,329 | \$ 6,104,902 | \$ 5,356,325 | \$ 6,075,044 |
| Employer's covered payroll | \$ 778,344 | \$ 720,628 | \$ 705,698 | \$ 784,844 | \$ 758,044 | \$ 809,619 | \$ 1,018,810 |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 10.26% | 10.38% | 10.88% | 14.49% | 11.82% | 14.08% | 11.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 37.80% | 39.60% | 40.00% | 39.30% | 36.40% | 41.50% | 43.00% |

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

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

Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois - Unaudited
For the Year Ended June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|--------------|
| Statutorily-required contribution | \$ 10,227 | \$ 7,614 | \$ 6,906 | \$ 6,889 | \$ 5,404 | \$ 4,397 | \$ 6,018 | \$ 6,641 |
| Contributions in relation to the statutorily-required contribution | 10,282 | 7,614 | 6,906 | 6,889 | 5,404 | 4,397 | 6,018 | 7,061 |
| Contribution deficiency (excess) | \$ (55) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (420) |
| Employer's covered payroll | \$ 790,166 | \$ 778,344 | \$ 720,628 | \$ 705,698 | \$ 784,844 | \$ 758,044 | \$ 809,619 | \$ 1,018,810 |
| Contributions as a percentage of covered payroll | 1.30% | 0.98% | 0.96% | 0.98% | 0.69% | 0.58% | 0.74% | 0.69% |

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

Notes to Required Supplementary Information

Changes of assumptions

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

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Teachers' Health Insurance Security Fund - Unaudited
For the Year Ended June 30, 2021**

| | <u>FY2020*</u> | <u>FY2019*</u> | <u>FY2018*</u> | <u>FY2017*</u> | <u>FY2016*</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Employer's proportion of the collective net OPEB liability (asset) | 0.003077% | 0.002932% | 0.002980% | 0.003408% | 0.003255% |
| Employer's proportionate share of the collective net OPEB liability (asset) | \$ 822,571 | \$ 811,445 | \$ 785,193 | \$ 884,442 | \$ 889,659 |
| State's proportionate share of the collective net OPEB liability (asset) associated with the Employer | 1,114,308 | 1,098,738 | 1,054,294 | 1,161,462 | 1,233,538 |
| Total | <u>\$ 1,936,879</u> | <u>\$ 1,910,183</u> | <u>\$ 1,839,487</u> | <u>\$ 2,045,904</u> | <u>\$ 2,123,197</u> |
| Employer's covered payroll | \$ 778,344 | \$ 720,628 | \$ 705,698 | \$ 784,844 | \$ 758,044 |
| Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll | 105.7% | 112.6% | 111.3% | 112.7% | 117.4% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.25% | 0.25% | -0.07% | -0.17% | -0.22% |

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

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

**Schedule of Employer Contributions
Teachers' Health Insurance Security Fund - Unaudited
For the Year Ended June 30, 2021**

| | <u>FY2021</u> | <u>FY2020</u> | <u>FY2019</u> | <u>FY2018</u> | <u>FY2017</u> | <u>FY2016</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Statutorily-required contribution | \$ 7,270 | \$ 7,161 | \$ 6,630 | \$ 6,210 | \$ 6,593 | \$ 6,064 |
| Contributions in relation to the statutorily-required contribution | 7,270 | 7,161 | 6,630 | 6,210 | 6,593 | 6,064 |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Employer's covered payroll | \$ 790,166 | \$ 778,344 | \$ 720,628 | \$ 705,698 | \$ 784,844 | \$ 758,044 |
| Contributions as a percentage of covered payroll | 0.92% | 0.92% | 0.92% | 0.88% | 0.84% | 0.80% |

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

Notes to Required Supplementary Information

Changes of Benefit Terms

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

Changes of assumptions

For the 2020 and 2019 measurement years, the assumed investment rate of return was 0%, including an inflation rate of 2.50%. For the 2018 and 2017 measurement years, the assumed investment rate of return was of 0%, including an inflation rate of 2.75%. Salary increases were assumed to vary by service credit and were the same for the 2020, 2019, 2018, and 2017 measurement years. Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend starts at 8.25% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of the Excise Tax. For the 2019 and 2018 measurement periods, the actual trend was used for fiscal years 2019 and 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2017 measurement period, actual trend was used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of Changes in the Total OPEB Liability and Related Ratios
Defined Benefit Plan - Madison County Health Plan - Unaudited
For the Year Ended June 30, 2021

| Fiscal Year Ended November 30, | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 25,598 | \$ 20,235 | \$ 23,270 |
| Interest on the Total OPEB Liability | 13,495 | 14,266 | 12,592 |
| Changes of Benefit Terms | (1,091) | - | - |
| Differences Between Expected and Actual Experience of the Total OPEB Liability | 46,724 | - | - |
| Changes of Assumptions | 117,451 | 96,702 | (44,505) |
| Benefit Payments, including Refunds of Employee Contributions | (665) | (11,964) | (10,490) |
| Net Change in Total OPEB Liability | 201,512 | 119,239 | (19,133) |
| Total OPEB Liability - Beginning | 464,085 | 344,846 | 363,979 |
| Total OPEB Liability - Ending | \$ 665,597 | \$ 464,085 | \$ 344,846 |
| Covered Payroll | \$ 801,008 | \$ 1,361,141 | \$ 1,324,711 |
| Total OPEB Liability as a Percentage of Covered Payroll | 83.09% | 34.10% | 26.03% |

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

Notes to Required Supplementary Information

Changes of Benefit Terms

In Madison County's November 30, 2020 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of assumptions

Changes of assumptions reflects a change in the discount rate from 4.21% for Madison County's fiscal year ending November 30, 2019 to 2.91% and 2.05% as of December 1, 2019 and November 30, 2020, respectively. Also reflected is updated assumed retiree health care claims costs and premiums, and updated health care trend rates.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

**Schedule of Employer Contributions
Defined Benefit Plan - Madison County Health Plan - *Unaudited*
For the Year Ended June 30, 2021**

| Actuarial Valuation Date | Actuarially Determined Contribution (a) | Employer Contribution in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Employee Payroll | Employer Contribution as a Percentage of Covered Employee Payroll |
|---|--|---|---|---|--|
| 11/30/2018 | \$ 10,490 | \$ 10,490 | \$ - | \$ 1,324,711 | 0.79% |
| 11/30/2019 | \$ 11,964 | \$ 11,964 | \$ - | \$ 1,361,141 | 0.88% |
| 11/30/2020 | \$ 665 | \$ 665 | \$ - | \$ 801,008 | 0.08% |

(a) Pay-as-you-go

Notes to Schedule

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

SUPPLEMENTARY INFORMATION

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2021

SCHEDULE 1

| | ROE Administrative | Evidence Based Funding | Lighthouse Educational Assistance Program | ETC Day Program | ETC Unemployment Reserve | Suspension Temporary Option Program | Madison County Detention Center | Total |
|--|-----------------------|---------------------------|--|--------------------|--------------------------------|---|--|-------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 124,808 | \$ 7,500 | 200 | \$ - | \$ 33,081 | \$ - | \$ 165,589 |
| Certificates of deposit | - | - | - | 204,477 | - | - | - | 204,477 |
| Due from other funds | - | 191,789 | - | - | - | - | - | 191,789 |
| Due from other governments | - | - | 51,823 | 14,479 | - | - | 22,318 | 88,620 |
| TOTAL ASSETS | - | 316,597 | 59,323 | 219,156 | - | 33,081 | 22,318 | 650,475 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ -</u> | <u>\$ 316,597</u> | <u>\$ 59,323</u> | <u>\$ 219,156</u> | <u>\$ -</u> | <u>\$ 33,081</u> | <u>\$ 22,318</u> | <u>\$ 650,475</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | \$ 232 | \$ - | \$ 232 | \$ - | \$ - | \$ - | \$ 464 |
| Accrued expenses | - | 34,850 | 10,644 | 17,688 | - | 5,554 | 23,654 | 92,390 |
| Due to other funds | - | - | - | 103,818 | - | - | 13,421 | 117,239 |
| TOTAL LIABILITIES | - | 35,082 | 10,644 | 121,738 | - | 5,554 | 37,075 | 210,093 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Assigned | - | 281,515 | 48,679 | 97,418 | - | 27,527 | - | 455,139 |
| Unassigned | - | - | - | - | - | - | (14,757) | (14,757) |
| TOTAL FUND BALANCES (DEFICITS) | - | 281,515 | 48,679 | 97,418 | - | 27,527 | (14,757) | 440,382 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS) | <u>\$ -</u> | <u>\$ 316,597</u> | <u>\$ 59,323</u> | <u>\$ 219,156</u> | <u>\$ -</u> | <u>\$ 33,081</u> | <u>\$ 22,318</u> | <u>\$ 650,475</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 2

| | ROE Administrative | Evidence Based Funding | Lighthouse Educational Assistance Program | ETC Day Program | ETC Unemployment Reserve | Suspension Temporary Option Program | Madison County Detention Center | Total |
|--|-----------------------|---------------------------|--|--------------------|--------------------------------|---|--|------------|
| REVENUES | | | | | | | | |
| State sources | \$ - | \$ 401,587 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 401,587 |
| Local sources | - | 220 | 133,218 | 211,858 | - | 44,000 | 103,403 | 492,699 |
| Interest income | - | 188 | 12 | 764 | 256 | 15 | - | 1,235 |
| On-behalf payments - State | 290,323 | - | - | - | - | - | - | 290,323 |
| On-behalf payments - Local | 597,759 | 8,357 | 3,110 | 7,774 | - | - | - | 617,000 |
| Total revenues | 888,082 | 410,352 | 136,340 | 220,396 | 256 | 44,015 | 103,403 | 1,802,844 |
| EXPENDITURES | | | | | | | | |
| Instructional services | | | | | | | | |
| Salaries | - | 236,906 | 109,712 | 225,599 | - | 34,612 | 100,916 | 707,745 |
| Benefits | - | 64,901 | 14,871 | 60,401 | - | 8,001 | 9,630 | 157,804 |
| Pension | - | 1,437 | 434 | 629 | - | 224 | 571 | 3,295 |
| OPEB | - | 2,799 | 698 | 968 | - | 355 | 906 | 5,726 |
| Purchased services | - | 17,699 | 6,216 | 20,764 | - | 880 | 2,033 | 47,592 |
| Supplies and materials | - | 28,880 | 250 | 20,095 | - | - | 728 | 49,953 |
| Other objects | - | - | 1,049 | 10 | - | - | - | 1,059 |
| On-behalf payments - State | 290,323 | - | - | - | - | - | - | 290,323 |
| On-behalf payments - Local | 597,759 | 8,357 | 3,110 | 7,774 | - | - | - | 617,000 |
| Total expenditures | 888,082 | 360,979 | 136,340 | 336,240 | - | 44,072 | 114,784 | 1,880,497 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | 49,373 | - | (115,844) | 256 | (57) | (11,381) | (77,653) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfer In(Out) | - | (3,764) | - | 203,714 | (203,714) | - | - | (3,764) |
| NET CHANGE IN FUND BALANCES | - | 45,609 | - | 87,870 | (203,458) | (57) | (11,381) | (81,417) |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | - | 235,906 | 48,679 | 9,548 | 203,458 | 27,584 | (3,376) | 521,799 |
| FUND BALANCES (DEFICITS), END OF YEAR | \$ - | \$ 281,515 | \$ 48,679 | \$ 97,418 | \$ - | \$ 27,527 | \$ (14,757) | \$ 440,382 |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2021

SCHEDULE 3

| | Truants Alternative and Optional Education Project | Vocational Adjustment Counselor | Regional Safe Schools | Title II Teacher Quality Leadership Grant | McKinney - Vento Homeless Children | ESSER I |
|--|--|---------------------------------------|--------------------------|---|--|-------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 51 | \$ 223,178 | \$ 7,927 | \$ - | \$ - | \$ - |
| Due from ISBE | - | - | - | 1,594 | - | - |
| Due from other governments | - | 35,139 | - | - | 10,024 | - |
| TOTAL ASSETS | <u>51</u> | <u>258,317</u> | <u>7,927</u> | <u>1,594</u> | <u>10,024</u> | <u>-</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 51</u> | <u>\$ 258,317</u> | <u>\$ 7,927</u> | <u>\$ 1,594</u> | <u>\$ 10,024</u> | <u>\$ -</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ 1,493 | \$ - | \$ - | 586 | \$ - |
| Accrued expenses | - | 22,746 | 7,904 | - | 2,113 | - |
| Due to other funds | - | - | - | 1,594 | 7,325 | - |
| Due to other governments | - | - | 23 | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>24,239</u> | <u>7,927</u> | <u>1,594</u> | <u>10,024</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | | | |
| Restricted | 51 | 234,078 | - | - | - | - |
| Unassigned | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | <u>51</u> | <u>234,078</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS) | <u>\$ 51</u> | <u>\$ 258,317</u> | <u>\$ 7,927</u> | <u>\$ 1,594</u> | <u>\$ 10,024</u> | <u>\$ -</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2021

SCHEDULE 3

| | ESSER II | GEER I | Digital Professional Learning | ETC Lunch Account Program | ROE/ISC Operations | Total |
|--|-------------|------------------|-------------------------------------|------------------------------|-----------------------|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 17,150 | \$ 248,306 |
| Due from ISBE | - | 12,173 | 4,400 | - | - | 18,167 |
| Due from other governments | - | - | - | - | - | 45,163 |
| TOTAL ASSETS | <u>-</u> | <u>12,173</u> | <u>4,400</u> | <u>-</u> | <u>17,150</u> | <u>311,636</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | <u>\$ -</u> | <u>\$ 12,173</u> | <u>\$ 4,400</u> | <u>\$ -</u> | <u>\$ 17,150</u> | <u>\$ 311,636</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ 1,498 | \$ - | \$ - | \$ - | \$ 3,577 |
| Accrued expenses | - | - | - | - | 6,283 | 39,046 |
| Due to other funds | - | 10,675 | 4,400 | 5 | - | 23,999 |
| Due to other governments | - | - | - | - | 10,867 | 10,890 |
| TOTAL LIABILITIES | <u>-</u> | <u>12,173</u> | <u>4,400</u> | <u>5</u> | <u>17,150</u> | <u>77,512</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | - | 1,498 | - | - | - | 1,498 |
| FUND BALANCES (DEFICITS) | | | | | | |
| Restricted | - | - | - | - | - | 234,129 |
| Unassigned | - | (1,498) | - | (5) | - | (1,503) |
| TOTAL FUND BALANCES (DEFICITS) | <u>-</u> | <u>(1,498)</u> | <u>-</u> | <u>(5)</u> | <u>-</u> | <u>232,626</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS) | | | | | | |
| | <u>\$ -</u> | <u>\$ 12,173</u> | <u>\$ 4,400</u> | <u>\$ -</u> | <u>\$ 17,150</u> | <u>\$ 311,636</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 4

| | Truants Alternative and Optional Education Project | Vocational Adjustment Counselor | Regional Safe Schools | Title II Teacher Quality Leadership Grant | McKinney - Vento Homeless Children | ESSER I |
|--|--|---------------------------------------|--------------------------|---|--|--------------|
| REVENUES | | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 1,594 | \$ 109,459 | \$ 1,162 |
| State sources | - | 160,801 | 133,293 | - | - | - |
| Local sources | - | 80,000 | - | - | - | - |
| Interest income | - | 132 | 23 | - | - | - |
| Total revenues | <u>-</u> | <u>240,933</u> | <u>133,316</u> | <u>1,594</u> | <u>109,459</u> | <u>1,162</u> |
| EXPENDITURES | | | | | | |
| Instructional services | | | | | | |
| Salaries | - | 172,810 | 112,844 | - | 52,618 | - |
| Benefits | - | 40,334 | 17,565 | - | 8,549 | - |
| Pension | - | 435 | 649 | - | 5,848 | - |
| OPEB | - | 690 | 1,030 | - | 489 | - |
| Purchased services | - | 13,987 | 2,742 | 1,594 | 4,463 | - |
| Supplies and materials | - | 3,694 | 238 | - | 30,262 | 1,162 |
| Intergovernmental | | | | | | |
| Payments to other governments | - | - | - | - | 7,230 | - |
| Capital outlay | - | - | 9,076 | - | - | - |
| Total expenditures | <u>-</u> | <u>231,950</u> | <u>144,144</u> | <u>1,594</u> | <u>109,459</u> | <u>1,162</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | 8,983 | (10,828) | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in (out) | - | - | 10,828 | - | - | - |
| NET CHANGE IN FUND BALANCES | - | 8,983 | - | - | - | - |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | 51 | 225,095 | - | - | - | - |
| FUND BALANCES (DEFICITS), END OF YEAR | <u>\$ 51</u> | <u>\$ 234,078</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 4

| | ESSER II | GEER I | Digital Professional Learning | ETC Lunch Account Program | ROE/ISC Operations | Total |
|--|--------------|-------------------|-------------------------------------|------------------------------|-----------------------|-------------------|
| REVENUES | | | | | | |
| Federal sources | \$ 3,994 | \$ 28,568 | \$ 4,400 | \$ 9,834 | \$ - | \$ 159,011 |
| State sources | - | - | - | 318 | 167,144 | 461,556 |
| Local sources | - | - | - | 52 | - | 80,052 |
| Interest income | - | - | - | - | 24 | 179 |
| Total revenues | <u>3,994</u> | <u>28,568</u> | <u>4,400</u> | <u>10,204</u> | <u>167,168</u> | <u>700,798</u> |
| EXPENDITURES | | | | | | |
| Instructional services | | | | | | |
| Salaries | 3,994 | - | - | - | 95,294 | 437,560 |
| Benefits | - | - | - | - | 24,173 | 90,621 |
| Pension | - | - | - | - | - | 6,932 |
| OPEB | - | - | - | - | - | 2,209 |
| Purchased services | - | - | 4,400 | 10,242 | 36,691 | 74,119 |
| Supplies and materials | - | 27,300 | - | - | 223 | 62,879 |
| Intergovernmental | | | | | | |
| Payments to other governments | - | - | - | - | 10,000 | 17,230 |
| Capital outlay | - | 2,766 | - | - | 2,799 | 14,641 |
| Total expenditures | <u>3,994</u> | <u>30,066</u> | <u>4,400</u> | <u>10,242</u> | <u>169,180</u> | <u>706,191</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | (1,498) | - | (38) | (2,012) | (5,393) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in (out) | - | - | - | - | 2,012 | 12,840 |
| NET CHANGE IN FUND BALANCES | - | (1,498) | - | (38) | - | 7,447 |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | - | - | - | 33 | - | 225,179 |
| FUND BALANCES (DEFICITS), END OF YEAR | <u>\$ -</u> | <u>\$ (1,498)</u> | <u>\$ -</u> | <u>\$ (5)</u> | <u>\$ -</u> | <u>\$ 232,626</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 5

| | Truants Alternative and Optional Education Project | | | Vocational Adjustment Counselor | | | Regional Safe Schools | | | Title II Teacher Quality Leadership Grant | | |
|--|---|-------------|-------------------|---------------------------------|------------------|-------------------|-----------------------|-------------|-------------------|--|-------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts |
| | Original | Final | | Original | Final | | Original | Final | | Original | Final | |
| REVENUES | | | | | | | | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 145,745 | \$ 145,745 | \$ - | \$ - | \$ - | \$ - | \$ 2,144 | \$ 2,144 | \$ 1,594 |
| State sources | - | - | - | 12,500 | 12,500 | 160,801 | 133,316 | 133,316 | 133,293 | - | - | - |
| Local sources | - | - | - | 80,000 | 80,000 | 80,000 | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | 132 | - | - | 23 | - | - | - |
| Total revenues | - | - | - | 238,245 | 238,245 | 240,933 | 133,316 | 133,316 | 133,316 | 2,144 | 2,144 | 1,594 |
| EXPENDITURES | | | | | | | | | | | | |
| Instructional services | | | | | | | | | | | | |
| Salaries | - | - | - | 152,350 | 157,350 | 172,810 | 115,071 | 115,071 | 112,844 | - | - | - |
| Benefits | - | - | - | 44,385 | 44,606 | 40,334 | 13,746 | 13,746 | 17,565 | - | - | - |
| Pension | - | - | - | 406 | 435 | 435 | 649 | 649 | 649 | - | - | - |
| OPEB | - | - | - | 668 | 690 | 690 | 1,030 | 1,030 | 1,030 | - | - | - |
| Purchased services | - | - | - | 15,500 | 15,500 | 13,987 | 2,820 | 2,820 | 2,742 | 2,144 | 2,144 | 1,594 |
| Supplies and materials | - | - | - | 2,500 | 2,500 | 3,694 | - | - | 238 | - | - | - |
| Intergovernmental | | | | | | | | | | | | |
| Payments to other governments | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | 9,076 | - | - | - |
| Total expenditures | - | - | - | 215,809 | 221,081 | 231,950 | 133,316 | 133,316 | 144,144 | 2,144 | 2,144 | 1,594 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | 22,436 | 17,164 | 8,983 | - | - | (10,828) | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers in (out) | - | - | - | - | - | - | - | - | 10,828 | - | - | - |
| NET CHANGE IN FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ 22,436</u> | <u>\$ 17,164</u> | <u>8,983</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | | | <u>51</u> | | | <u>225,095</u> | | | <u>-</u> | | | <u>-</u> |
| FUND BALANCES (DEFICITS), END OF YEAR | | | <u>\$ 51</u> | | | <u>\$ 234,078</u> | | | <u>\$ -</u> | | | <u>\$ -</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO.41
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 5
 (CONTINUED)

| | McKinney-Vento Homeless Children | | | ESSER I | | | ESSER II | | | GEER I | | |
|--|----------------------------------|----------------|-------------------|------------------|--------------|-------------------|------------------|--------------|-------------------|------------------|---------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts |
| | Original | Final | | Original | Final | | Original | Final | | Original | Final | |
| REVENUES | | | | | | | | | | | | |
| Federal sources | \$ 63,049 | \$ 105,601 | \$ 109,459 | \$ 1,219 | \$ 1,219 | \$ 1,162 | \$ 3,994 | \$ 3,994 | \$ 3,994 | \$ 32,553 | \$ 32,553 | \$ 28,568 |
| State sources | - | - | - | - | - | - | - | - | - | - | - | - |
| Local sources | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>63,049</u> | <u>105,601</u> | <u>109,459</u> | <u>1,219</u> | <u>1,219</u> | <u>1,162</u> | <u>3,994</u> | <u>3,994</u> | <u>3,994</u> | <u>32,553</u> | <u>32,553</u> | <u>28,568</u> |
| EXPENDITURES | | | | | | | | | | | | |
| Instructional services | | | | | | | | | | | | |
| Salaries | 29,729 | 56,125 | 52,618 | - | - | - | 3,994 | 3,994 | 3,994 | - | - | - |
| Benefits | 7,632 | 14,029 | 8,549 | - | - | - | - | - | - | - | - | - |
| Pension | 710 | 790 | 5,848 | - | - | - | - | - | - | - | - | - |
| OPEB | 259 | 489 | 489 | - | - | - | - | - | - | - | - | - |
| Purchased services | 5,719 | 1,453 | 4,463 | - | - | - | - | - | - | 12,600 | - | - |
| Supplies and materials | 18,000 | 25,485 | 30,262 | 1,219 | 1,219 | 1,162 | - | - | - | 19,953 | 32,553 | 27,300 |
| Intergovernmental | | | | | | | | | | | | |
| Payments to other governments | 1,000 | 7,230 | 7,230 | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | 2,766 |
| Total expenditures | <u>63,049</u> | <u>105,601</u> | <u>109,459</u> | <u>1,219</u> | <u>1,219</u> | <u>1,162</u> | <u>3,994</u> | <u>3,994</u> | <u>3,994</u> | <u>32,553</u> | <u>32,553</u> | <u>30,066</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | - | - | - | - | - | - | - | - | (1,498) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(1,498)</u> |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | | | <u>-</u> | | | <u>-</u> | | | <u>-</u> | | | <u>-</u> |
| FUND BALANCES (DEFICITS), END OF YEAR | | | <u>\$ -</u> | | | <u>\$ -</u> | | | <u>\$ -</u> | | | <u>\$ (1,498)</u> |

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO.41
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 5
 (CONCLUDED)

| | Digital Professional Learning | | | ROE/ISC Operations | | | Total | | |
|--|-------------------------------|----------|-------------------|--------------------|---------|-------------------|------------------|------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts | Budgeted Amounts | | Actual Amounts |
| | Original | Final | | Original | Final | | Original | Final | |
| REVENUES | | | | | | | | | |
| Federal sources | \$ 4,460 | \$ 4,460 | \$ 4,400 | \$ - | \$ - | \$ - | \$ 253,164 | \$ 295,716 | \$ 149,177 |
| State sources | - | - | - | 160,597 | 160,597 | 167,144 | 306,413 | 306,413 | 461,238 |
| Local sources | - | - | - | - | - | - | 80,000 | 80,000 | 80,000 |
| Interest income | - | - | - | - | - | 24 | - | - | 179 |
| Total revenues | 4,460 | 4,460 | 4,400 | 160,597 | 160,597 | 167,168 | 639,577 | 682,129 | 690,594 |
| EXPENDITURES | | | | | | | | | |
| Instructional services | | | | | | | | | |
| Salaries | - | - | - | 94,330 | 94,330 | 95,294 | 395,474 | 426,870 | 437,560 |
| Benefits | - | - | - | 19,971 | 19,971 | 24,173 | 85,734 | 92,352 | 90,621 |
| Pension | - | - | - | - | - | - | 1,765 | 1,874 | 6,932 |
| OPEB | - | - | - | - | - | - | 1,957 | 2,209 | 2,209 |
| Purchased services | 4,040 | 4,040 | 4,400 | 34,654 | 34,654 | 36,691 | 77,477 | 60,611 | 63,877 |
| Supplies and materials | 420 | 420 | - | 1,642 | 1,642 | 223 | 43,734 | 63,819 | 62,879 |
| Intergovernmental | | | | | | | | | |
| Payments to other governments | - | - | - | 10,000 | 10,000 | 10,000 | 11,000 | 17,230 | 17,230 |
| Capital outlay | - | - | - | - | - | 2,799 | - | - | 14,641 |
| Total expenditures | 4,460 | 4,460 | 4,400 | 160,597 | 160,597 | 169,180 | 617,141 | 664,965 | 695,949 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | - | - | (2,012) | 22,436 | 17,164 | (5,355) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in (out) | - | - | - | - | - | 2,012 | - | - | 12,840 |
| NET CHANGE IN FUND BALANCES | \$ - | \$ - | - | \$ - | \$ - | - | \$ 22,436 | \$ 17,164 | 7,485 |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | | | - | | | - | | | 225,146 |
| FUND BALANCES (DEFICITS), END OF YEAR | | | \$ - | | | \$ - | | | \$ 232,631 |

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

SCHEDULE 6

| | General Education Development | Bus Driver Training | Total |
|---|--|--------------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 16,571 | \$ 53,901 | \$ 70,472 |
| Accounts receivable | 716 | - | 716 |
| Due from other governments | - | 330 | 330 |
| TOTAL ASSETS | <u>17,287</u> | <u>54,231</u> | <u>71,518</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| | <u>\$ 17,287</u> | <u>\$ 54,231</u> | <u>\$ 71,518</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 762 | \$ - | \$ 762 |
| Accrued expenses | 220 | - | 220 |
| TOTAL LIABILITIES | <u>982</u> | <u>-</u> | <u>982</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| | - | - | - |
| FUND BALANCES | | | |
| Restricted | <u>16,305</u> | <u>54,231</u> | <u>70,536</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | |
| | <u>\$ 17,287</u> | <u>\$ 54,231</u> | <u>\$ 71,518</u> |

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

SCHEDULE 7

| | General Education Development | Bus Driver Training | Total |
|---|--|--------------------------------|------------------|
| REVENUES | | | |
| State sources | \$ - | \$ 1,800 | \$ 1,800 |
| Local sources | 12,794 | 8,406 | 21,200 |
| Interest income | 13 | 37 | 50 |
| Total revenues | <u>12,807</u> | <u>10,243</u> | <u>23,050</u> |
| EXPENDITURES | | | |
| Instructional services | | | |
| Salaries | 5,518 | 7,600 | 13,118 |
| Benefits | 1,393 | 1,339 | 2,732 |
| Purchased services | 3,457 | 800 | 4,257 |
| Supplies and materials | 2,361 | 335 | 2,696 |
| Capital outlay | 7,232 | - | 7,232 |
| Total expenditures | <u>19,961</u> | <u>10,074</u> | <u>30,035</u> |
| NET CHANGE IN FUND BALANCES | (7,154) | 169 | (6,985) |
| FUND BALANCES, BEGINNING OF YEAR | <u>23,459</u> | <u>54,062</u> | <u>77,521</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 16,305</u> | <u>\$ 54,231</u> | <u>\$ 70,536</u> |