



**STATE OF ILLINOIS
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44**

**FINANCIAL AUDIT
For the Year Ended June 30, 2023**

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44**

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**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44**

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**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Ms. Diana Hartmann

Assistant Regional Superintendent
(current and during the audit period)

Mr. Chris Zielinski

Office is located at:

408 S. IL Route 31
McHenry, Illinois 60050

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL REPORT SUMMARY**

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

AUDITOR’S REPORTS

The auditor’s 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	3	3
Repeated audit findings	2	3
Prior recommendations implemented or not repeated	1	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2023-001	11	Controls over Financial Statement Preparation	Material Weakness
2023-002	15	Inadequate Internal Control Procedures	Material Weakness
2023-003	17	Delay of Audit	Noncompliance
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2022-001	24	Noncompliance with Grant Requirements	Material Weakness/Noncompliance

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL REPORT SUMMARY (CONCLUDED)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on January 15, 2025. Attending from the Regional Office of Education No. 44 were Diana Hartmann, Regional Superintendent and Wes Levy, Accountant; and from Adelfia LLC were Jennifer Roan and Maria Divina Valera, Partners; and Carl Ong, Manager. Responses to the recommendations were provided by Diana Hartmann, Regional Superintendent, on January 17, 2025.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of McHenry County Regional Office of Education No. 44 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the McHenry County Regional Office of Education No. 44's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2023, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the McHenry County Regional Office of Education No. 44, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter- Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Office of Education No. 44's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements. The modified cash basis combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities – Modified Cash Basis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the modified cash basis combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities – Modified Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
January 29, 2025



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise McHenry County Regional Office of Education No. 44’s basic financial statements, and we have issued our report thereon dated January 29, 2025.

Report on Internal Control Over Financial Reporting

Management of the McHenry County Regional Office of Education No. 44 is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered McHenry County Regional Office of Education No. 44’s 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 McHenry County Regional Office of Education No. 44’s internal control. Accordingly, we do not express an opinion on the effectiveness of McHenry County Regional Office of Education No. 44’s internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether McHenry County Regional Office of Education No. 44's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-003.

Regional Office of Education No. 44's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Regional Office of Education No. 44's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Regional Office of Education No. 44's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44'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 McHenry County Regional Office of Education No. 44's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
January 29, 2025

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITOR’S RESULTS
For the Year Ended June 30, 2023**

Financial Statements in accordance with Modified Cash Basis

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-001 – Controls over Financial Statement Preparation

CRITERIA/SPECIFIC REQUIREMENT:

105 ILCS 5/2-3.17a allows 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 financial statements for audit. The Regional Office of Education No. 44 (ROE) has chosen to utilize the modified cash basis of accounting for financial reporting.

The ROE is required to maintain a system of controls over the preparation of financial statements, in accordance with its selected basis of accounting. ROE No. 44's internal controls over financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Section C of the State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures and 23 Illinois Administrative Code 100 (Subtitle A) require separate accounting and expenditure reporting of each grant/project.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, states special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by grantors.

CONDITION:

During the review of ROE No. 44's financial information, it was noted the ROE No. 44 did not have sufficient internal controls over the financial reporting process to ensure financial statement transactions were accurately reported. We noted the following misstatements:

- Overstatements in the Statement of Net Position for the Due from Other Governments by \$11,969, Due from Other Funds by \$12,443, Due to Other Funds by \$12,443, and Due to Other Governments by \$231,753; and understatements in Cash by \$474, Net Position, Restricted for Education Purposes by \$204,799, and Net Position, Unrestricted by \$15,459.
- Overstatements in the Statement of Activities for Expenses, Purchased Services and Other Support Services by \$948 and \$5,000, respectively; and understatements in Expenditures, Supplies and Materials and Capital Outlay by \$474 and \$5,000, respectively. Consequently, the Change in Net Position was understated by \$474.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING 2023-001 – Controls over Financial Statement Preparation (Continued)

- In the General Fund Balance Sheet, the Due from Other Funds and Due to Other Governments were overstated by \$3,615 and \$18,600, respectively; while the Fund Balance, Unassigned was understated by \$14,985.
- Overstatements in the Education Fund Balance Sheet for the Due from Other Governments by \$11,969, Due from Other Funds by \$474, Due to Other Funds by \$12,443, and Due to Other Governments by \$213,153; and understatements in Cash by \$474, Fund Balance, Restricted by \$213,153, and Fund Balance, Unassigned by \$474.
- The Institute Fund Balance Sheet, the Due from Other Funds and Fund Balance, Restricted were both overstated by \$8,354.
- In the Education Fund Statement of Revenues, Expenditures and Changes in Fund Balances, Expenditures, Purchased Services and Other Support Services were overstated by \$948 and \$5,000, respectively; while Expenditures, Supplies and Materials and Capital Outlay were understated by \$474 and \$5,000, respectively. Consequently, the Net Change in Fund Balances was understated by \$474.
- Overstatements in the Combining Schedule of Accounts, General Fund, for the Due from Other Funds by \$3,615 and Due to Other Governments by \$18,600. The Unassigned Fund Balance was understated by \$14,985.
- Overstatements in the Combining Schedule of Accounts, Education Fund, ROE/ISC Operations, for the Due from Other Governments by \$11,969, Due from Other Funds by \$474, Due to Other Funds by \$11,969, and Due to Other Governments by \$213,153. Cash and Restricted Fund Balance were understated by \$474 and \$213,153, respectively.
- In the Combining Schedule of Accounts, Education Fund, Elementary and Secondary School Emergency Relief, Due to Other Funds was overstated by \$474 and Unassigned Fund Balance was understated by \$474.
- Overstatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, ROE/ISC Operations, for Revenues, Federal Sources by \$49,742; Expenditures, Salaries and Benefits by \$5,899, Purchased Services by \$27,881, Supplies and Materials by \$10,962, and Other Support Services by \$5,000.
- Understatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Elementary and Secondary School Emergency Relief, for Revenues, Federal Sources totaling \$20,030; Expenditures, Salaries and Benefits by \$5,899, Purchased Services by \$10,577, and Supplies and Materials by \$3,080. Consequently, the Net Change in Fund Balances was understated by \$474.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING 2023-001 – Controls over Financial Statement Preparation (Continued)

- Understatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Digital Equity, for Revenues, Federal Sources totaling \$29,712; Expenditures, Purchased Services by \$16,356, Supplies and Materials by \$8,356, and Capital Outlay by \$5,000.
- The Regional Office of Education No. 44 improperly classified transactions from federal sources totaling \$49,742 as General Fund (Fund) activities under the General Fund instead of a special revenue fund- the Education Fund. As a result, the unassigned fund balance is overstated, and the restricted fund balance is understated by \$49,742.
- Budgetary Comparison Schedules for the Education Fund Accounts, Elementary and Secondary School Emergency Relief Fund (ESSER) Project Years 2021 to 2023 and Digital Equity Project Years 2021 to 2022 were not properly prepared.
- The cash balance amounting to \$5,000 from one of the Regional Office of Education No. 44's bank accounts was not recorded, thus understating the cash account balance of the General Fund.
- The beginning Net Position and Fund Balance were not properly restated to consider the ROE 44's conversion from modified accrual to modified cash basis of accounting, as well as the related financial statement disclosure was not included.
- The On-Behalf Payments – Local amounting to \$231,692 was not recorded as Revenues and Expenditures under the General Fund. Since the amounts that should be recorded under Revenues and Expenditures offset each other, the Net Change in Fund Balance and Ending Fund Balance for the General Fund was not affected.

The Regional Office of Education No. 44 subsequently revised its financial statements to correct these misstatements and omissions.

EFFECT:

The Regional Office of Education No. 44's management or its employees, in the normal course of performing their assigned functions, did not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CAUSE:

The Regional Office of Education No. 44's management indicated that this was due to the transition with a newly hired 3rd party bookkeeper during the fiscal year.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-001 – Controls over Financial Statement Preparation (Concluded)

RECOMMENDATION:

The Regional Office of Education No. 44 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 basis of accounting selected for financial statements, GASB pronouncements, and knowledge of Regional Office of Education No. 44's activities and operations.

MANAGEMENT'S RESPONSE:

Accounting firm who is contracted by the ROE to fulfill all accounting and audit preparation will review FY23 to prepare more accurately for FY24.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-002 – Inadequate Internal Control Procedures (Repeat of Findings 22-002, 21-003, 20-003, 19-004, 18-004, 17-004 and 16-004)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

CONDITION:

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

- 6 of 36 receipts tested (17%), totaling \$1,705, did not have sufficient documentation to support the nature, purpose, and classification of the transaction.
- 8 of 36 receipts tested (22%), totaling \$82,879, had no documentation when the checks were received. As a result, we were unable to determine whether non-electronic receipts were deposited in a timely manner.
- 45 of 48 (94%) monthly bank reconciliations were missing the date of when the reconciliation was prepared, therefore we were unable to determine if the bank reconciliation was prepared timely.

EFFECT:

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

CAUSE:

The Regional Office of Education No. 44’s management indicated the exceptions noted in the internal controls were due to the transition with a newly hired 3rd party bookkeeper during the fiscal year.

RECOMMENDATION:

The Regional Office of Education No. 44 should ensure supporting documentation for receipt transactions are properly maintained; receipts have a documented received date to ensure timely deposits; and bank reconciliations for all bank accounts are performed timely with documentation of date performed.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-002 – Inadequate Internal Control Procedures (Repeat of Findings 22-002, 21-003, 20-003, 19-004, 18-004, 17-004 and 16-004) (Concluded)

MANAGEMENT’S RESPONSE:

The accounting firm contracted by the ROE will request sufficient documentation or retrieve it from automatic deposit companies. For checks received by mail, the ROE will write the date received. The assistant superintendent will deposit within 5 business days excluding his vacation time. The accounting firm contracted by the ROE will date all monthly bank reconciliations.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-003 – Delay of Audit (Repeat of Findings 22-003, 21-004, 20-004, 19-005 and 18-005)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 44 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The ROE may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen the modified cash basis of accounting for financial reporting.

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

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

CONDITION:

The Regional Office of Education No. 44 did not provide completed financial statements in an auditable form by August 31, 2023. The completed financial statements were provided on April 25, 2024.

EFFECT:

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

CAUSE:

The Regional Office of Education No. 44’s management indicated the delay was due to not having a bookkeeper on a full-time basis.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-003 – Delay of Audit (Repeat of Findings 22-003, 21-004, 20-004, 19-005 and 18-005) (Concluded)

RECOMMENDATION:

The Regional Office of Education No. 44 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31 deadline.

MANAGEMENT’S RESPONSE:

The accounting firm contracted by the ROE will be late on FY24 due to catching up in the audit process for FY22 and FY23. Since FY24 is a full year with the accounting firm, they will have a much easier time preparing documents. It is our intention depending on the timing of the FY24 audit, to have the FY25 audit on time.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

FINDING 2023-001 – Controls over Financial Statement Preparation

CONDITION:

During the review of ROE No. 44's financial information, it was noted the ROE No. 44 did not have sufficient internal controls over the financial reporting process to ensure financial statement transactions were accurately reported. We noted the following misstatements:

- Overstatements in the Statement of Net Position for the Due from Other Governments by \$11,969, Due from Other Funds by \$12,443, Due to Other Funds by \$12,443, and Due to Other Governments by \$231,753; and understatements in Cash by \$474, Net Position, Restricted for Education Purposes by \$204,799, and Net Position, Unrestricted by \$15,459.
- Overstatements in the Statement of Activities for Expenses, Purchased Services and Other Support Services by \$948 and \$5,000, respectively; and understatements in Expenditures, Supplies and Materials and Capital Outlay by \$474 and \$5,000, respectively. Consequently, the Change in Net Position was understated by \$474.
- In the General Fund Balance Sheet, the Due from Other Funds and Due to Other Governments were overstated by \$3,615 and \$18,600, respectively; while the Fund Balance, Unassigned was understated by \$14,985.
- Overstatements in the Education Fund Balance Sheet for the Due from Other Governments by \$11,969, Due from Other Funds by \$474, Due to Other Funds by \$12,443, and Due to Other Governments by \$213,153; and understatements in Cash by \$474, Fund Balance, Restricted by \$213,153, and Fund Balance, Unassigned by \$474.
- The Institute Fund Balance Sheet, the Due from Other Funds and Fund Balance, Restricted were both overstated by \$8,354.
- In the Education Fund Statement of Revenues, Expenditures and Changes in Fund Balances, Expenditures, Purchased Services and Other Support Services were overstated by \$948 and \$5,000, respectively; while Expenditures, Supplies and Materials and Capital Outlay were understated by \$474 and \$5,000, respectively. Consequently, the Net Change in Fund Balances was understated by \$474.
- Overstatements in the Combining Schedule of Accounts, General Fund, for the Due from Other Funds by \$3,615 and Due to Other Governments by \$18,600. The Unassigned Fund Balance was understated by \$14,985.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

CORRECTIVE ACTION PLAN (Continued)

FINDING 2023-001 – Controls over Financial Statement Preparation

CONDITION (Continued):

- Overstatements in the Combining Schedule of Accounts, Education Fund, ROE/ISC Operations, for the Due from Other Governments by \$11,969, Due from Other Funds by \$474, Due to Other Funds by \$11,969, and Due to Other Governments by \$213,153. Cash and Restricted Fund Balance were understated by \$474 and \$213,153, respectively.
- In the Combining Schedule of Accounts, Education Fund, Elementary and Secondary School Emergency Relief, Due to Other Funds was overstated by \$474 and Unassigned Fund Balance was understated by \$474.
- Overstatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, ROE/ISC Operations, for Revenues, Federal Sources by \$49,742; Expenditures, Salaries and Benefits by \$5,899, Purchased Services by \$27,881, Supplies and Materials by \$10,962, and Other Support Services by \$5,000.
- Understatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Elementary and Secondary School Emergency Relief, for Revenues, Federal Sources totaling \$20,030; Expenditures, Salaries and Benefits by \$5,899, Purchased Services by \$10,577, and Supplies and Materials by \$3,080. Consequently, the Net Change in Fund Balances was understated by \$474.
- Understatements in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Digital Equity, for Revenues, Federal Sources totaling \$29,712; Expenditures, Purchased Services by \$16,356, Supplies and Materials by \$8,356, and Capital Outlay by \$5,000.
- The Regional Office of Education No. 44 improperly classified transactions from federal sources totaling \$49,742 as General Fund (Fund) activities under the General Fund instead of a special revenue fund- the Education Fund. As a result, the unassigned fund balance is overstated, and the restricted fund balance is understated by \$49,742.
- Budgetary Comparison Schedules for the Education Fund Accounts, Elementary and Secondary School Emergency Relief Fund (ESSER) Project Years 2021 to 2023 and Digital Equity Project Years 2021 to 2022 were not properly prepared.
- The cash balance amounting to \$5,000 from one of the Regional Office of Education No. 44's bank accounts was not recorded, thus understating the cash account balance of the General Fund.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

CORRECTIVE ACTION PLAN (Continued)

FINDING 2023-001 – Controls over Financial Statement Preparation

CONDITION (Concluded):

- The beginning Net Position and Fund Balance were not properly restated to consider the ROE 44's conversion from modified accrual to modified cash basis of accounting, as well as the related financial statement disclosure was not included.
- The On-Behalf Payments – Local amounting to \$231,692 was not recorded as Revenues and Expenditures under the General Fund. Since the amounts that should be recorded under Revenues and Expenditures offset each other, the Net Change in Fund Balance and Ending Fund Balance for the General Fund was not affected.

The Regional Office of Education No. 44 subsequently revised its financial statements to correct these misstatements and omissions.

PLAN:

The ROE has contracted with an accounting firm for all financial statement preparation. It is expected that the accounting firm will attain the procedures and processes for accurately recording. If the accounting firm cannot commit to this, another firm will be contracted.

ANTICIPATED DATE OF COMPLETION:

June 30, 2025

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

CORRECTIVE ACTION PLAN (Continued)

FINDING 2023-002 – Inadequate Internal Control Procedures (Repeat of Findings 22-002, 21-003, 20-003, 19-004, 18-004, 17-004 and 16-004)

CONDITION:

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

- 6 of 36 receipts tested (17%), totaling \$1,705, did not have sufficient documentation to support the nature, purpose, and classification of the transaction.
- 8 of 36 receipts tested (22%), totaling \$82,879, had no documentation when the checks were received. As a result, we were unable to determine whether non-electronic receipts were deposited in a timely manner.
- 45 of 48 (94%) monthly bank reconciliations were missing the date of when the reconciliation was prepared, therefore we were unable to determine if the bank reconciliation was prepared timely.

PLAN:

For the first bullet, these were deposits made, and which are mostly automatic from another entity. The accounting firm will be asked to attach PDFs of the deposited checks or get transaction history from the entity. Checks coming into the ROE are deposited by the Assistant Superintendent. The Assistant Superintendent writes the date on the check or stub on the day he receives. The Assistant Superintendent will deposit within 5-7 days outside of holidays, weekends, and his personal vacation or sick time. The accounting firm will be required to date bank reconciliations.

ANTICIPATED DATE OF COMPLETION:

June 30, 2025

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

CORRECTIVE ACTION PLAN (Concluded)

FINDING 2023-003 – Delay of Audit (Repeat of Findings 22-003, 21-004, 20-004, 19-005, 18-005)

CONDITION:

The Regional Office of Education No. 44 did not provide completed financial statements in an auditable form by August 31, 2023. The completed financial statements were provided on April 25, 2024.

PLAN:

Accounting firm has been contracted to complete all accounting for the ROE and the audit. An entire year has now been completed by the accounting firm, and previous and future delays are expected to impact the timely completion of the financial statements. FY24 will be under the accounting firm which has an expected delay. The ROE will be working with the accounting firm to get FY25 turned in on time.

ANTICIPATED DATE OF COMPLETION:

August 31, 2025

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Ms. Diana Hartmann, Regional Superintendent of Schools

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2023**

2022-001	Noncompliance with Grant Requirements	Not Repeated
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During the current audit, the Regional Office of Education No. 44 implemented corrective action and submitted expenditure reports timely.

BASIC FINANCIAL STATEMENTS

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 751,517	\$ 28,201	\$ 779,718
LIABILITIES			
Current Liabilities			
None	-	-	-
NET POSITION			
Restricted for Educational Purposes	507,992	-	507,992
Unrestricted	243,525	28,201	271,726
Total Net Position	\$ 751,517	\$ 28,201	\$ 779,718

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

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues		Net (Expenses)/Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants/Contributions	Primary Government
			Governmental Activities	Business-Type Activities
				Total
Primary Government				
Governmental Activities				
Instructional Services				
Salaries and Benefits	\$ 103,805	\$ -	\$ 74,361	\$ (29,444)
Purchased Services	139,103	-	189,972	50,869
Supplies and Materials	61,806	-	50,844	(10,962)
Other	3,210	-	3,210	-
Other Support Services				
Purchased Services	-	-	7,464	7,464
Intergovernmental				
Payments to Other Governments	543,344	-	664,352	121,008
Capital Outlay	5,000	-	5,000	-
Administrative				
On-Behalf Payments - State	276,377	-	-	(276,377)
On-Behalf Payments - Local	231,692	-	-	(231,692)
Total Governmental Activities	1,364,337	-	995,203	(369,134)
Business-Type Activities				
Fingerprinting Fees	51,455	41,339	-	(10,116)
Total Business-Type Activities	51,455	41,339	-	(10,116)
Total Primary Government	\$ 1,415,792	\$ 41,339	\$ 995,203	(379,250)
General Revenues				
State Sources				
On-Behalf Payments - State			208,866	-
On-Behalf Payments - Local			276,377	-
Investment Earnings			231,692	-
Total General Revenues			727,288	-
Change in Net Position			358,154	(10,116)
Net Position - Beginning as Restated			393,363	38,317
Net Position - Ending			\$ 751,517	\$ 28,201
				\$ 779,718

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Education Fund	Institute Fund	General Education Development Fund	Transportation Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 243,525	\$ 409,708	\$ 10,541	\$ 49,867	\$ 37,876	\$ 751,517
	-	-	-	-	-	-
LIABILITIES						
None						
FUND BALANCES						
Restricted	-	409,708	10,541	49,867	37,876	507,992
Unassigned	243,525	-	-	-	-	243,525
Total Fund Balances (Deficit)	243,525	409,708	10,541	49,867	37,876	751,517
Total Liabilities and Fund Balances	\$ 243,525	\$ 409,708	\$ 10,541	\$ 49,867	\$ 37,876	\$ 751,517

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

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Education Fund	Institute Fund	General Education Development Fund	Transportation Fund	Total Governmental Funds
Revenues						
Federal Sources	\$ -	\$ 49,742	\$ 69,265	\$ -	\$ -	\$ 119,007
State Sources	208,866	686,224	-	-	-	895,090
Local Sources	177,161	-	-	330	12,481	189,972
On-Behalf Payments - State	276,377	-	-	-	-	276,377
On-Behalf Payments - Local	231,692	-	-	-	-	231,692
Investment Income	10,353	-	-	-	-	10,353
Total Revenues	904,449	735,966	69,265	330	12,481	1,722,491
Expenditures						
Instructional Services						
Salaries and Benefits	23,545	80,260	-	-	-	103,805
Purchased Services	20,527	34,871	69,265	-	14,440	139,103
Supplies and Materials	-	61,806	-	-	-	61,806
Other	-	3,210	-	-	-	3,210
Administrative						
On-Behalf Payments - State	276,377	-	-	-	-	276,377
On-Behalf Payments - Local	231,692	-	-	-	-	231,692
Intergovernmental						
Payments to Other Governments	189,080	354,264	-	-	-	543,344
Capital Outlay	-	5,000	-	-	-	5,000
Total Expenditures	741,221	539,411	69,265	-	14,440	1,364,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	163,228	196,555	-	330	(1,959)	358,154
Net Change in Fund Balances	163,228	196,555	-	330	(1,959)	358,154
Fund Balances - Beginning as Restated	80,297	213,153	10,541	49,537	39,835	393,363
Fund Balances - Ending	\$ 243,525	\$ 409,708	\$ 10,541	\$ 49,867	\$ 37,876	\$ 751,517

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2023**

	Business-Type Activities Enterprise Fund
	<u>Fingerprinting Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	<u>\$ 28,201</u>
Total Assets	<u><u>28,201</u></u>
NET POSITION	
Unrestricted	<u>28,201</u>
Total Net Position	<u><u>\$ 28,201</u></u>

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities
	Major Enterprise Fund
	Fingerprinting Fund
Operating Revenues	
Charges for Services	\$ 41,339
Total Operating Revenues	41,339
Operating Expenses	
Salaries and benefits	-
Purchased Services	51,455
Total Operating Expenses	51,455
CHANGE IN NET POSITION	(10,116)
Net Position - Beginning	38,317
Net Position - Ending	\$ 28,201

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Fund <hr/> Fingerprinting Fund <hr/>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 41,339
Payments to suppliers and providers of goods and services	(51,455)
Payments to employees	-
Net cash provided by (used for) operating activities	<hr/> (10,116) <hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,116)
Cash and Cash Equivalents - Beginning	<hr/> 38,317 <hr/>
Cash and Cash Equivalents - Ending	<hr/> <u>\$ 28,201</u> <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income	\$ (10,116)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (Decrease) in:	
Accounts payable	-
Unearned revenue	-
Net Cash Provided by (Used For) Operating Activities	<hr/> <u>\$ (10,116)</u> <hr/>

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 8,654</u>
Total Assets	<u><u>\$ 8,654</u></u>
LIABILITIES	
Due to Other Governments	<u><u>\$ -</u></u>
NET POSITION	
Restricted for Other Purpose	<u><u>\$ 8,654</u></u>

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

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Collections of state and federal funds from State Board of Education for school districts and other entities	\$ 920,778
DEDUCTIONS	
Payments to school districts and other entities	913,435
CHANGE IN NET POSITION	7,343
NET POSITION - BEGINNING	1,311
NET POSITION - ENDING	\$ 8,654

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

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The McHenry County Regional Office of Education No. 44 (ROE) was formed under the provisions of the State of Illinois, Illinois State Board of Education. The McHenry County Regional Office of Education No. 44 operates under the School Code (105 ILCS 5/3 and 5/3A). A Regional Superintendent of Schools serves as Chief Administrative Officer of McHenry County Regional Office of Education No. 44 and is elected to the position for a four-year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and 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 McHenry County Regional Office of Education No. 44's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under thier 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 McHenry County Regional Office of Education No. 44, 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, 2023, the McHenry County Regional Office of Education No. 44 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 McHenry County Regional Office of Education No. 44.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The financial statements of the McHenry County Regional Office of Education No. 44 have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

SCOPE OF THE REPORTING ENTITY

The McHenry County Regional Office of Education No. 44 reporting entity includes all related organizations for which they exercise oversight responsibility.

The McHenry County Regional Office of Education No. 44 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the McHenry County Regional Office of Education No. 44, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the McHenry County Regional Office of Education No. 44 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 McHenry County Regional Office of Education No. 44 does not control the assets, operations, or management of the districts or joint agreements. In addition, the McHenry County Regional Office of Education No. 44 is not aware of any entity, which would exercise such oversight as to result in the McHenry County Regional Office of Education No. 44 being considered a component unit of the entity.

BASIS OF PRESENTATION

Government-Wide Statements

The ROE’s basic financial statements include both government-wide (reporting the ROE as a whole) and fund financial statements (reporting the ROE’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The Statement of Net Position includes all of the ROE’s assets, including capital assets and liabilities in accordance with the modified cash basis of accounting. The ROE first utilizes restricted resources to finance qualifying activities.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

This government-wide focus is more on the sustainability of the ROE as an entity and the change in the ROE's net position resulting from the current year's activities.

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 proprietary funds appear as due to/due from other funds on the governmental fund Balance Sheet – Modified Cash Basis and proprietary fund Statement of Net Position – Modified Cash Basis and as other financing sources/uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position – Modified Cash Basis have been eliminated except those representing balances between the governmental activities and the business-type activities, if applicable. In the Statement of Activities - Modified Cash Basis, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated, if applicable.

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

Fund Financial Statements

The financial transactions of the ROE are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in the governmental activities categories.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The ROE may electively add funds, as major funds, which have a specific or community focus. The nonmajor funds are combined in a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the ROE or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported within the financial statements. The following fund types are used by the ROE:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the ROE:

General Fund. The General Fund is the general operating fund of the ROE. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund. The following accounts are included in the general fund:

General Fund - It is used to record transactions in connection with general administrative activities.

Regional Safe Schools Program - General State Aid (RSSP-GSA) - The RSSP – GSA consists of State funds received for the administration of the Regional Safe Schools Program (RSSP) and for payment of expenses of general operations.

Special Revenue Funds. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE reports four major special revenue funds and no nonmajor special revenue funds. Major special revenue funds include the following:

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds – Continued

Special Revenue Funds – Continued.

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

ROE/ISC Operations - Used to account for monies received for, and payment of, assisting schools in all areas of school improvement.

Regional Safe Schools Program - This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Regional Safe Schools Cooperative - This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Elementary and Secondary School Emergency Relief - This program accounts for the proceeds of a grant used to provide educators and parents with professional learning opportunities that drive digital-age learning, integrate technology across subject areas, and help mitigate learning loss due to COVID-19.

Digital Equity - This program accounts for the proceeds of a grant to purchase electronic devices for all students to allow them access to remote learning.

Institute Fund. Used to account for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expenses of any general or special meetings of teachers or school personnel, which has been approved. All funds generated remain restricted until expended only on the aforementioned activities.

General Education Development - Used to account for the revenues and expenditures associated with the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon successful completion of the examination. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds – Continued

Transportation - Used to account for the revenues and expenditures incurred in conducting initial and refresher training classes for school bus drivers.

Proprietary Funds

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Fingerprinting - To account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities.

Proprietary fund financial statements include a Statement of Net Position – Modified Cash Basis, a Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis, and a Statement of Cash Flows – Modified Cash Basis for the proprietary fund.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The principal operating revenues of the ROE are charges for services for fingerprinting.

Fiduciary Funds

Custodial Funds are used to account for assets held by the McHenry County Regional Office of Education No. 44 in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Custodial Funds include the following:

Regional Board of School Trustees – Used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions.

Distributive Fund – Used to account for funds received and disbursed as a result of the Superintendent’s responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements report using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined in the next paragraph, while the governmental fund financial statements, as applied to the modified cash basis of accounting, report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due to inclusion of capital assets in the government-wide presentation) a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of accounting refers to when revenues received and expenses or expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The ROE maintains its accounting records for all funds on the modified cash basis of accounting. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions, with the exception of interfund receivables and payables. Their revenues are recognized when they are received, and expenses or expenditures are recognized when paid. Generally accepted accounting principles require the recognition of revenue when it becomes “measurable” and “available” as net current assets and, generally, expenses or expenditures when the related fund liability is incurred.

Under the terms of grant agreements, the ROE funds certain programs by a combination of specific cost-reimbursement grant resources to such programs, and then general revenues. It is the ROE’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE

Cash and Investments

The cash and investment balances of the ROE are valued at cost. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize ROE to make deposits or invest in obligations of states and their political subdivisions, saving accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer’s Investment Pool.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Capital assets are long-lived assets of the ROE as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs, such as donations.

The ROE reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Equipment	5 - 10 Years
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In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Net Position

Net position of the Regional Office of Education is classified as follows:

Investment in Capital Assets - consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of borrowings that are attributable to the acquisition of those assets, if applicable.

Restricted Net Position - consists of restricted assets reduced by liabilities related to those assets.

Unrestricted Net Position - the net amount of assets and liabilities that are not included in the determination of investment in capital assets or the restricted component of net position.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE – Continued

Lease Arrangements

The Regional Office of Education currently has no outstanding lease arrangements.

Management Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncements

In 2023, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and applicable sections of GASB No. 99, *Omnibus 2022*. The implementation of the GASB Statement No. 96 improves accounting and financial reporting for subscription-based information technology agreements by governments. The implementation of GASB Statement Nos. 94 and 99 did not have a significant effect on the ROE’s financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2023; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2023, a budgetary comparison schedule is presented for the following required grant programs: ROE/ISC Operations, Regional Safe Schools Program, Regional Safe Schools Cooperative, Elementary and Secondary School Emergency Relief (Project Years 2023, 2022, and 2021), and Digital Equity (Project Years 2022 and 2021).

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the McHenry County Regional Office of Education No. 44 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer’s Investment Pool.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Deposits and Investments. At June 30, 2023, the carrying amount of the McHenry County Regional Office of Education No. 44’s government-wide and fiduciary deposits were \$779,718 and \$8,654, respectively. Of the total bank balances of \$813,087, as of June 30, 2023, \$540,558 was fully insured or collateralized by securities held in McHenry County Regional Office of Education No. 44’s name, and \$272,529 was invested in Illinois Funds Money Market Fund.

The Regional Office of Education No. 44’s 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, 2023, the Regional Office of Education No. 44 had investments with carrying and fair values of \$272,529 invested in the Illinois Funds Money Market Fund.

Credit Risk. At June 30, 2023, the Illinois Funds Money Market Fund had a Fitch’s AAmmf rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of a financial institution, the ROE will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. At year-end, the Regional Office of Education’s investments are fully collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the ROE will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the ROE’s investment in the Illinois Fund is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the ROE’s investment in a single issuer. The ROE shall diversify its investments to the best of its ability based on the type of funds invested and the 'cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity. At year-end, the ROE does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Balances			Balances
	June 30, 2022	Additions	Deletions	June 30, 2023
Governmental Activities:				
<u>Education Fund</u>				
Depreciable Capital Assets				
Equipment	\$ 10,176	\$ -	\$ -	\$ 10,176
Less Accumulated Depreciation				
Equipment	10,176	-	-	10,176
Governmental Activities				
Investment in Capital Assets, Net	\$ -	\$ -	\$ -	-

No depreciation expense was charged to the education function in the current year.

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. There were no interfund transfers for the year.

ON-BEHALF PAYMENTS

The breakdown of the on-behalf payments by the State of Illinois for the Regional Superintendent and the Assistant Regional Superintendent of the ROE are as follows:

Regional Superintendent - Salary	\$ 127,908
Assistant Regional Superintendent - Salary	105,523
Regional Superintendent - Benefits (includes state paid insurance)	8,043
Assistant Regional Superintendent - Benefits (includes state paid insurance)	<u>34,903</u>
Total On-Behalf Payments - State	<u><u>\$ 276,377</u></u>

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). The ROE recorded the on-behalf payments as both revenues and expenditures in the General Fund.

McHenry County provides the ROE with staff and pay certain expenditures, including pension, on behalf of the Regional Office. The expenditures paid on the ROE’s behalf for the year ended June 30, 2023, were as follows:

Salaries, benefits, and expenses	\$ 176,190
Value of building space	<u>55,502</u>
Total On-Behalf Payments - Local	<u><u>\$ 231,692</u></u>

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the ROE considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The ROE first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance - 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 nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund’s net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute or donor restrictions: ROE/ISC Operations, Regional Safe Schools Cooperative, Institute Fund, General Education Development, and Transportation.

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

Assigned Fund Balance - the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting an assigned fund balance.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned balance is made up of General Fund and Regional Safe Schools Program – General State Aid.

NET POSITION/FUND BALANCE RESTATEMENT

The ROE has restated beginning net position/fund balance to convert from the modified accrual basis of accounting to the modified cash basis of accounting. The following is a summary of the net position/fund balance as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 173,579	393,363	219,784
General Fund	65,312	80,297	14,985
Institute Fund	18,895	10,541	(8,354)
Education Fund	-	213,153	213,153
Education Fund Account - ROE/ISC Operations	-	213,153	213,153

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the ROE’s employees. The ROE has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

The ROE is not involved in any lawsuits as of June 30, 2023.

State and Federal Aid Contingencies

The ROE has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2025, the date when the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS - MODIFIED CASH BASIS
GENERAL FUND
JUNE 30, 2023**

	General Fund	Regional Safe Schools Program- General State Aid	Total General Fund
ASSETS			
Cash and Cash Equivalents	\$ 223,739	\$ 19,786	\$ 243,525
LIABILITIES			
None	-	-	-
FUND BALANCES			
Unassigned	223,739	19,786	243,525
Total Liabilities and Fund Balances	\$ 223,739	\$ 19,786	\$ 243,525

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Regional Safe Schools Program- General State Aid	Total General Fund
Revenues			
State Sources	\$ -	\$ 208,866	\$ 208,866
Local Sources	177,161	-	177,161
On-Behalf Payments - State	276,377	-	276,377
On-Behalf Payments - Local	231,692	-	231,692
Investment Earnings	10,353	-	10,353
Total Revenues	<u>695,583</u>	<u>208,866</u>	<u>904,449</u>
Expenditures			
Instructional Services			
Salaries and Benefits	23,545	-	23,545
Purchased Services	20,527	-	20,527
Administrative			
On-Behalf Payments - State	276,377	-	276,377
On-Behalf Payments - Local	231,692	-	231,692
Intergovernmental			
Payments to Other Governments	-	189,080	189,080
Total Expenditures	<u>552,141</u>	<u>189,080</u>	<u>741,221</u>
Net Change in Fund Balances	143,442	19,786	163,228
Fund Balances - Beginning as Restated	<u>80,297</u>	<u>-</u>	<u>80,297</u>
Fund Balances - Ending	<u>\$ 223,739</u>	<u>\$ 19,786</u>	<u>\$ 243,525</u>

McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 COMBINING SCHEDULE OF ACCOUNTS - MODIFIED CASH BASIS
 EDUCATION FUND
 JUNE 30, 2023

	ROE/ISC Operations	Regional Safe Schools Program	Regional Safe Schools Cooperative	Elementary and Secondary School Emergency Relief (PY 2023)	Elementary and Secondary School Emergency Relief (PY 2022)	Elementary and Secondary School Emergency Relief (PY 2021)	Digital Equity (PY 2022)	Digital Equity (PY 2021)	Total Education Fund
ASSETS									
Cash and Cash Equivalents	\$ 403,708	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,708
LIABILITIES									
None	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted	403,708	-	6,000	-	-	-	-	-	409,708
Total Liabilities and Fund Balances	\$ 403,708	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,708

McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2023

	ROE/ISC Operations	Regional Safe Schools Program	Regional Safe Schools Cooperative	Elementary and Secondary School Emergency Relief (PY 2023)	Elementary and Secondary School Emergency Relief (PY 2022)	Elementary and Secondary School Emergency Relief (PY 2021)	Digital Equity (PY 2022)	Digital Equity (PY 2021)	Total Education Fund
Revenues									
Federal Sources	\$ -	\$ -	\$ -	\$ 3,310	\$ 16,016	\$ 704	\$ 21,356	\$ 8,356	\$ 49,742
State Sources	476,015	157,271	52,938	-	-	-	-	-	686,224
Total Revenues	476,015	157,271	52,938	3,310	16,016	704	21,356	8,356	735,966
Expenditures									
Instructional Services									
Salaries and Benefits	74,361	-	-	2,836	3,063	-	-	-	80,260
Purchased Services	7,464	-	-	-	11,051	-	16,356	-	34,871
Supplies and Materials	50,370	-	-	474	1,902	704	-	8,356	61,806
Other Objects	3,210	-	-	-	-	-	-	-	3,210
Intergovernmental									
Payments to Other Governments	150,055	157,271	46,938	-	-	-	-	-	354,264
Capital Outlay	-	-	-	-	-	-	5,000	-	5,000
Total Expenditures	285,460	157,271	46,938	3,310	16,016	704	21,356	8,356	539,411
Net Change in Fund Balances	190,555	-	6,000	-	-	-	-	-	196,555
Fund Balances - Beginning as Restated	213,153	-	-	-	-	-	-	-	213,153
Fund Balances - Ending	\$ 403,708	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,708

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
State Sources	\$ 476,015	\$ 476,015	\$ 476,015
Expenditures			
Improvement of Instruction Services			
Salaries and Benefits	77,072	77,072	74,361
Purchased Services	325,946	325,946	7,464
Supplies and Materials	72,997	72,997	50,370
Other Objects	-	-	3,210
Intergovernmental			
Payments to Other Governments	-	-	150,055
Total Expenditures	476,015	476,015	285,460
Net Change in Fund Balance	\$ -	\$ -	190,555
Fund Balance - Beginning as Restated			213,153
Fund Balance - Ending			\$ 403,708

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
State Sources	\$ 157,271	\$ 157,271	\$ 157,271
Expenditures			
Intergovernmental			
Payments to Other Governments	157,271	157,271	157,271
Net Change in Fund Balance	\$ -	\$ -	-
Fund Balance - Beginning			-
Fund Balance - Ending			\$ -

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS COOPERATIVE
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
State Sources	\$ 52,938	\$ 52,938	\$ 52,938
Expenditures			
Intergovernmental			
Payments to Other Governments	52,938	52,938	46,938
Net Change in Fund Balance	\$ -	\$ -	6,000
Fund Balance - Beginning			-
Fund Balance - Ending			\$ 6,000

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 EDUCATION FUND ACCOUNT
 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
 (PROJECT YEAR 2023)
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Federal Sources	\$ 3,310	\$ 3,310	\$ 3,310
Expenditures			
Instructional Services			
Salaries	3,310	3,310	2,836
Supplies and Materials	-	-	474
Total Expenditures	3,310	3,310	3,310
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>\$ -</u>

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 EDUCATION FUND ACCOUNT
 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
 (PROJECT YEAR 2022)
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Federal Sources	\$ 27,170	\$ 27,170	\$ 16,016
Expenditures			
Instructional Services			
Salaries	-	-	3,063
Purchased Services	18,000	18,000	11,051
Supplies and Materials	9,170	9,170	1,902
Total Expenditures	27,170	27,170	16,016
Net Change in Fund Balance	\$ -	\$ -	-
Fund Balance - Beginning			-
Fund Balance - Ending			\$ -

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 EDUCATION FUND ACCOUNT
 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF
 (PROJECT YEAR 2021)
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Federal Sources	\$ 704	\$ 704	\$ 704
Expenditures			
Instructional Services			
Purchased Services	304	-	-
Supplies and Materials	400	704	704
Total Expenditures	704	704	704
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>\$ -</u>

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
DIGITAL EQUITY (PROJECT YEAR 2022)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Federal Sources	\$ 21,356	\$ 21,356	\$ 21,356
Expenditures			
Instructional Services			
Purchased Services	11,856	16,356	16,356
Supplies and Materials	4,500	-	-
Capital Outlay	5,000	5,000	5,000
Total Expenditures	21,356	21,356	21,356
Net Change in Fund Balance	\$ -	\$ -	-
Fund Balance - Beginning			-
Fund Balance - Ending			\$ -

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
DIGITAL EQUITY (PROJECT YEAR 2021)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Federal Sources	\$ 30,678	\$ 30,678	\$ 8,356
Expenditures			
Instructional Services			
Purchased Services	-	3,240	-
Supplies and Materials	14,523	27,438	8,356
Intergovernmental			
Payments to Other Governments	4,850	-	-
Capital Outlay	11,305	-	-
Total Expenditures	30,678	30,678	8,356
Net Change in Fund Balance	\$ -	\$ -	-
Fund Balance - Beginning			-
Fund Balance - Ending			\$ -

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2021 through June 30, 2023; only part of the grant was received and expended in the current fiscal year.

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
CUSTODIAL FUNDS
JUNE 30, 2023**

	Regional Board of School Trustees	Distributive Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 1,311	\$ 7,343	\$ 8,654
Total Assets	\$ 1,311	\$ 7,343	\$ 8,654
LIABILITIES			
Due to Other Governments	\$ -	\$ -	\$ -
NET POSITION			
Restricted for Other Purpose	\$ 1,311	\$ 7,343	\$ 8,654

**McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Regional Board of School Trustees</u>	<u>Distributive Fund</u>	<u>Total</u>
ADDITIONS			
Collections of state and federal funds from State Board of Education for school districts and other entities	\$ -	\$ 920,778	\$ 920,778
DEDUCTIONS			
Payments to school districts and other entities	-	913,435	913,435
CHANGE IN NET POSITION	-	7,343	7,343
NET POSITION - BEGINNING	<u>1,311</u>	<u>-</u>	<u>1,311</u>
NET POSITION - ENDING	<u>\$ 1,311</u>	<u>\$ 7,343</u>	<u>\$ 8,654</u>

**McHENRY COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 44
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES - MODIFIED CASH BASIS
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

		McHenry County Co-op
CTE - Perkins - Secondary	\$	613,435
Career & Technical Education Improvement		300,000
		\$ 913,435